

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Britain's workforce:  
flowering of the  
fringe, Page 22

## World news Business summary

### Casual US reaction to Soviet N-test

The US reacted casually to a resumption of nuclear testing by the Soviet Union after a 10-month, self-imposed freeze, saying Moscow's test would have no effect on President Reagan's policy of continuing US tests as long as the West relied on nuclear weapons for deterrence.

The Soviet Union said it still wanted a total ban on all nuclear tests. But a Soviet military spokesman said Moscow needed to resume testing in order to maintain military parity with the US which, he said, had conducted 26 tests since August 1985 when the Soviet moratorium started. Moscow ends test ban, Page 24; Military cost, Page 2.

### Philips' profits advance by 10%

PHILIPS, Dutch electronics group, lifted its profits by 10 per cent to £1.02bn (\$483m) in 1986, compared to £919m the year before, thanks to a surprisingly sharp improvement in the final quarter, and in spite of a fall in sales. Page 25

UNION BANK of Switzerland, country's biggest bank, last year booked record net profits of SFr 776.2m (\$504m), 12 per cent higher than the SFr 691.9m reported for 1985. Page 25

BARCLAYS, second largest UK retail bank, announced profits up 6.5 per cent last year to £295m (\$138bn) before tax. Page 25; Lex, Page 24

### Beirut hostages

A military rescue operation to free foreign hostages in Beirut was ruled out by Syria's military intelligence chief in Lebanon. He said direct negotiations were going on between the kidnappers and the host countries. Page 3

### Gulf 'bridgehead'

Iran claimed 4,000 Iraqi troops were killed or wounded in two abortive attempts to dislodge Iranian forces from a bridgehead east of Basra. Iraq claimed it had destroyed Iranian reinforcements to the front.

### Afghan air raid

Afghan jets bombed two Pakistani bazars in a border area, killing more than 35 people and wounding 200 others, a day after indirect peace talks resumed between the two countries.

### Philippines clashes

Clashes between troops and Communist rebels left eight soldiers and 16 guerrillas dead. Manila debt talks, Page 3

### W Sahara battle

Pollitars guerrillas and the Moroccan army both claimed victory in their biggest battle for more than two years in the Western Sahara. Morocco said it repulsed a "massive attack" near the Algerian frontier while Polisario said Moroccan defences were breached.

### French Awaacs deal

France signed a Ffr 5.7m (\$94m) contract to buy three Awaacs radar aircraft, with an option to buy two more, from Boeing of the US. Page 2

### Key London poll

The London borough of Greenwich voted in a parliamentary by-election expected to determine whether Prime Minister Margaret Thatcher calls a general election this spring.

### Vatican extradition

Italy is exploring ways of seeking the extradition of Archbishop Paul Marcinkus, chairman of the Vatican's bank, charged by Italian authorities with being an accessory to the fraudulent bankruptcy which led to the 1982 collapse of Banco Ambrosiano. Page 24

### Egypt-Israel talks

Israeli Foreign Minister Shimon Peres discussed prospects of an international Middle East peace conference with President Hosni Mubarak of Egypt in Cairo while Israeli Prime Minister Yitzhak Shamir repeated his rejection of such a conference. Page 3

### New Nato chief

Nato approved the appointment of US Army General John Galvin, 57, to be the new Supreme Allied Commander in Europe. He will replace Gen Bernard Rogers, 65, who retires at the end of June.

### Powerful drink

An Austrian electric power plant will start burning 30m litres of wine, adulterated in a 1985 wine scandal, to produce electricity.

## Tower report damns Reagan's decision on Iran arms sales

BY STEWART FLEMING AND JAMES BUCHAN IN WASHINGTON

PRESIDENT Ronald Reagan was yesterday presented with a damning indictment of his decision to sell arms to Iran and of the methods his subordinates employed to support the Contra rebels in Nicaragua.

The report, 300 pages long, was written by a three-man Special Review Board headed by a Reagan loyalist, former conservative Republican Senator John Tower. It concludes that, in spite of President Reagan's explicit denials last November that the sales of arms to Iran were designed to secure the release of American hostages in Beirut, ultimately that was the objective which drove the policy.

The report is harshly critical of the initiative launched by Lt Col Oliver North from the National Security Council, to divert proceeds of the arms sales to Iran to support the Contra rebels. But it finds no evidence that the President was aware of this plan to divert proceeds illegally from the arms sales to the rebels.

It does, however, elliptically confirm recent reports of an attempted cover-up of the scandal last November. It says that the Tower board is "convinced that the President does indeed want the full story to be told." But it adds that those who prepared the documentation used by Mr Reagan in his first public comments on the scandal "did not appear, at least initially, to share the President's ultimate wishes."

The report adds, however, that "the President wanted to avoid too much specificity or detail out of concern for the hostages still held in Lebanon and those Iranians who still supported the initiative."

But it is as much for its analysis of how the President and his advisers conducted the Iran/Contra arms initiatives as for the light it sheds on their motivation that the report will be read closely by the President's political enemies.

It presents the President himself as a man so detached and intent on delegating to his subordinates that "he did not seem to be aware of the way in which the (Iran) operation was implemented and the full consequences of US participation."

Nevertheless, with such a complex high-risk operation, and so much at stake, "the President should have ensured that the NSC system did not fail him," the report says.

"He did not force his policy to undergo the most critical review... at no time did he insist upon accountability and performance review," the commission says.

It is scathing about the roles played by the senior officials to whom Mr Reagan delegated his authority. It paints a picture of Mr Donald Regan, the White House Chief of Staff, as a power-hungry individual seeking to extend his authority. The report appears to leave Mr Regan with no option but his widely expected resignation. It says that "he must bear primary responsibility for the chaos which descended upon the White House," when the Iran scandal broke.

Mr John Poindexter, who quit as National Security Adviser in the wake of the scandal, is said to have



John Tower chairs President Reagan at the commission hearing.

"I failed grievously," and Mr George Shultz, the Secretary of State, and Mr Casper Weinberger, the Defense Secretary are bluntly criticised for not fulfilling "their obligation to give the President their full support."

The report makes a series of recommendations which address what it calls the "deficiencies in procedure and practice" of the National Security Council, the body at the heart of the Iran-Contra scandal.

● The NSC should not engage in the implementation of policy or the conduct of operations.  
● The National Security adviser should not decide, only advise.  
● The report urges a tightening of confidentiality procedures. The leak had become a primary instrument in the unfolding scandal - "a practice destructive of orderly government."

● The position of legal adviser to the NSC should be enhanced.

● Congress should consider replacing the existing Intelligence Committees of the respective houses with a new joint Committee

with a restricted staff to oversee the intelligence community.

One hour after receiving the report President Reagan looked relaxed but clearly determined to demonstrate that he is not the "peek a boo" President his critics are alleging as a result of his infrequent public appearances. He went before a nationally televised press conference and vowed: "I will do whatever is necessary to enact the proper reforms and to meet the challenges ahead."

Mr Reagan refused to answer questions shouted at him by reporters. But the White House said that he would speak to the nation next week and give his response to the Tower Report.

That speech and the decisions he makes in implementing the shake-up of the White House, which is now seen to be inevitable, will be critical if the President is to begin to recover from the political damage he has suffered.

Early reaction to the report was scant. Senator Sam Nunn, the influential Democrat who chairs the Senate Armed Services Committee, said that Mr Reagan "can recover" from the blows he had been dealt, adding: "For the good of the country he must." Senator Nunn said that Mr Reagan "must begin to be more assertive, for instance in foreign policy and arms control matters..."

He can be more involved in meeting with key congressional leaders and keeping them informed of what he is thinking."

More details, Page 4; Editorial comment, Page 22

## Craxi's resignation would trigger new crisis

By John Wyles in Rome

MR BETTINO CRAXI is expected to close an important era in Italian politics next Tuesday with an announcement that he is standing down as Italy's Prime Minister after a post-war record in office of 3½ years.

His resignation will formally trigger a political crisis which could take weeks to resolve and which may only be settled by bringing forward elections that are not otherwise due until June next year.

At the same time as ending one phase of uncertainty about if and when Mr Craxi would stand down, it will introduce another over whether the Socialist leader will support a Christian Democrat-led government in order to avoid an election.

Mr Craxi will meet leaders of the four other coalition parties today for talks, which were demanded after he indicated on television last week that he might not stand by the agreement, made during the crisis of last July, to hand over to a Christian Democrat.

Public reaction was extremely critical, and it may be that Mr Craxi has now decided to push for early elections so that he can cash in on his prime ministerial record of political stability, low inflation and strong economic growth. However, since early ballots are unpopular in Italy he will want to avoid appearing to be solely responsible for them.

His resignation announcement to the Senate next week is likely to point out that he originally sought only a three-year mandate and that he had reaffirmed his desire to return to full-time leadership of the Socialist Party this spring, expressed at the time of last July's agreement.

This settled a crisis which was fomented by the Christian Democrats, who had 32.9 per cent of the vote at the 1983 general election, out of a desperate desire to regain the premiership, which has been theirs for only four months since 1981. Their interpretation of the July agreement is that Mr Craxi and his party, the second largest in the coalition, which had 11.4 per cent of the vote in 1983, should sustain a Christian Democrat-led government until the next elections. Mr Giulio Andreotti, the current Foreign Minister and Prime Minister five times in the past, will be the party's candidate.

However, Socialist leaders made clear yesterday that there was nothing automatic about their support. They are likely to try to provoke a breakdown in negotiations

Continued on Page 24

## Regan 'must bear primary responsibility'

BY OUR FOREIGN STAFF

THE Tower Commission report on the Iran-Contra scandal spares few, if any, senior members of President Reagan's foreign policy and security establishment.

Stating that "the obsession with secrecy and preoccupation with leaks threaten to paralyse the Government in its handling of covert operations," the Tower Commission report criticises Mr Reagan's closest advisers past and present.

White House Chief of Staff Donald Regan "as much as anyone, should have insisted that an orderly process be observed... He must bear primary responsibility for the chaos which descended upon the White House."

Vice Admiral John Poindexter,

former National Security Adviser who resigned on November 25, "failed grievously" on the matter of the diversion of arms sales profits to Nicaragua's rebels.

"Evidence indicates that (Poindexter) knew that a diversion occurred, yet he did not take the steps that were required. His clear obligation was either to investigate the matter or take it to the President. He did neither."

Secretary of State George Shultz and Defense Secretary Casper Weinberger were obliged "to give the President their full support and continued advice with respect to the programme, or, if they could not in conscience do that, to so inform the President."

"Instead, they simply distanced themselves from the programme. They protected the record as to their own positions on this issue. They were not energetic in attempting to protect the President from the consequences of his personal commitment to freeing the hostages."

Colonel Oliver North, a key National Security Council staffer in the scandal, was the primary US Government official involved in details of the clandestine Iran operation. The board found "considerable reasons to question the actions."

Former Central Intelligence Agency (CIA) Director William Casey, who resigned recently following surgery to remove a cancerous brain tumour, "appears to

have acquiesced in and to have encouraged North's exercise of direct operational control over the operation," the Commission said.

It said Mr Casey failed to advise President Reagan of the political risks of the initiative and should have urged that the US Congress be kept informed.

The commission said evidence suggested that Mr Casey became aware of the diversion of funds almost a month before the story broke last November.

"He (Casey) too did not move promptly to raise the matter with the President. Yet his responsibility to do so was clear," the report said.

Vice President George Bush received little mention in the re-



Mr Donald Regan

port, which said he supported the sale of arms to Iran. He already has acknowledged he did.

## Brazil demands a political solution to debt rescheduling

BY IVO DAWNAY IN RIO DE JANEIRO

BRAZIL is determined to negotiate on its \$104bn foreign debt directly with governments before entering any formal talks with creditor banks, Mr Dilson Funaro, the Finance Minister, said before his arrival today in Washington.

The strategy conflicts with views expressed this week by Mr James Baker, the US Treasury Secretary, which claimed that the debt question was a matter for Brazil to settle with its commercial bank creditors.

Mr Funaro is none the less determined to upgrade the discussions on a new rescheduling agreement from the commercial to the political arena. In a five day series of visits to key capitals with Mr Francisco Gros, the central bank president, the Finance Minister is planning only to meet government officials and the major lending agencies.

"I think this problem has to be dealt with between Brazil and governments," he said. "We are going to talk to nations first. There won't be any proposals to banks yet."

Mr Funaro said that the key issue to be resolved following the country's unilateral suspension of

interest payments on its debts last week was how to find a durable solution to the question of ensuring continued Brazilian growth.

"Brazil intends to discuss its growth and its future... countries have to understand that Brazil must grow," he emphasised.

The minister rejected claims that the interest payments suspension carried an implicit threat of a full moratorium on its liabilities. The decision was a defensive, not aggressive, action aimed at ensuring that reserves of some \$3.9bn were maintained.

"It's not a question of threats. When there is a way out, you've got to stop," he said, adding that Brazil would enter the talks with an open mind.

The Brazilian team will begin meetings today with Mr Baker and Mr Paul Volcker, chairman of the Federal Reserve. Calls are also scheduled on Mr Barber Conable of the World Bank and Mr Michel Camdessus of the International Monetary Fund (IMF). It was made clear, however, that Brazil still categorically ruled out any agreement

that would involve a role for the IMF.

The two day Washington visit will be followed by a four day tour next week of London, Paris, Bonn, Rome and Madrid. Meetings are also planned later in Canada and Japan, before talks with the banks begin, possibly within a fortnight.

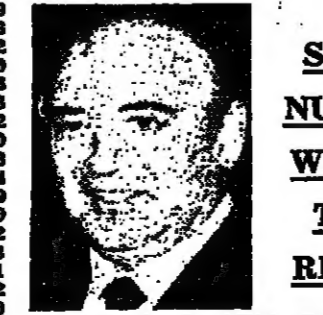
Mr Funaro said that a comprehensive proposal had not yet been drawn up, though the team would be carrying plans that included debt-equity swap provisions and other elements. He denied that any specific time period for a deal had been decided. "If we had the right package, we could accept something that would be renewable every five years," he said.

Alexander Nicoll adds: Brazil's advisory committee of 14 leading creditor banks has told the country's 700 bank creditors in a letter that, in a meeting with Mr Antonio Padua de Seixas, it "expressed its grave concern to Mr Seixas with re-

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Soviet leader Mikhail Gorbachev yesterday called an end to the one-sided moratorium on nuclear testing, Page 24

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## Syrian brigadier rules out force to free hostages

BY NORA BOUSTANY IN BEIRUT

THE SYRIAN chief of military intelligence in Lebanon Brigadier Ghazi Kanaan, yesterday ruled out any military rescue operation to free foreign hostages and indicated there were direct negotiations going on between their countries and the kidnappers.

Brig Kanaan denied reports that three American academics and an Indian professor kidnapped in west Beirut on January 24 were in the custody of a pro-Syrian group.

"Personally, I feel as cornered and upset by this issue of hostages as their countries of origin, which know where the hostages are. There are direct negotiations underway that have nothing to do with us," he said.

In response to questions about whether Syria would take any drastic action to help free some 26 kidnapped foreigners, including Anglican church envoy Mr Terry Waite, Brig Kanaan ruled out the military option.

"There can be no military rescue operation because their safety cannot be sacrificed. We want a solution that would guarantee their safety. They (kidnappers) would not dare place them in an area where there is a Syrian presence," he said.

A senior Muslim militia official said Mr Waite and other

hostages were being held in the mainly Shi'ite suburb of Bourj el Barajneh.

Some 7,000 Syrian troops have consolidated their hold over west Beirut but have held off deploying in the southern suburbs, the main stronghold of the Shi'ite fundamentalist Hizbollah. The takeover of a main Hizbollah barracks outside the suburbs on Tuesday and the killing of some 22 supporters holed inside a building facing it has angered the pro-Iranian group.

Brig Kanaan indirectly confirmed that hostages were probably taken to the suburbs since it remains the only area not under Syrian control in and around west Beirut.

Richard Johns added: Iran yesterday expressed displeasure over the deaths of the 22 Islamic fundamentalists but stopped short of explicitly attacking Damascus.

The condemnation came from Mr Mir Hossein Mousavi, the Iranian Prime Minister, who said the attack on members of Hizbollah "served the cause of imperialism."

He described the pro-Iranian group, which has been responsible for most western hostages taken in west Beirut as "a patriotic group who have committed themselves to promoting Islam and fighting against the occupying Zionist forces."

## NUM vows to end mines' tribal system

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICA'S black National Union of Mineworkers says it will "fight every inch of the way to destroy the hostile, migrant labour and mines (tribal control) system" which it blames for the 133 deaths in "faction fighting" on the mines last year.

In his keynote address to the union's annual congress, NUM President James Modisaane said that the NUM intended to intensify its campaign for mine safety and greater mine safety. He also revealed that paid-up membership of the union, the most powerful and fastest-growing black union, had risen to 227,500 while total signed-up membership had increased from 250,000 to 344,000 last year.

The NUM, which is also the biggest union in the Congress

of South African Trade Unions (Cosatu) officially supports economic sanctions as a means of putting pressure on the government for the abolition of apartheid.

Mr Cyril Ramaphosa, the union's general secretary, announced that Cosatu had commissioned a study to assess the effects of sanctions on employment and the economy. This appears to be part of a more detailed, practical look at the sanctions issue.

The union's willingness to use the strike weapon was also revealed by statistics showing that last year the NUM accounted for 45 per cent of man-hours lost through strikes, including the massive October 1 stayaway in response to the KwaZulu mine disaster in which 177 died.

## Worrall's chances boosted

BY ANTHONY ROBINSON

MR DENIS WORRALL, the former South African ambassador to London, has received a boost to his chances of unseating Mr Chris Heunis, Minister of Constitutional Development, in the whites-only general election in May.

The far-right Conservative Party has decided to stand in the Helderberg constituency in the Cape, leaving Mr Heunis open on both left and right.

Mr Worrall has made clear that he intends to attack the

leadership of President P. W. Botha as well as the National Party in his campaign to "break the mould" of white politics.

In a radio interview Mr Worrall described universal suffrage in a unitary state as an essential part of any democratic system while adding "the question is what form it takes." He said the African National Congress should be seen as a major internal element in future power sharing negotiations.

## Zimbabwe defends exchange cuts

By Tony Hawkins in Harare

THE ZIMBABWE Government says foreign currency allocations have been reduced by only 15 per cent compared with the 40 to 50 per cent claimed by commerce and industry.

In a statement, the acting Minister of Finance Mr Enos Nkala said imports in 1987 were expected to increase 8 per cent compared with a rise of only 3.4 per cent last year. Published government figures for the first nine months of 1986, however, show an increase of 21 per cent in imports.

Mr Nkala said the foreign cuts were necessary because of increased capital repayments in 1987, a slowdown in capital inflows, higher freight and insurance payments and an expected shortfall in some exports, notably beef and steel.

It was accepted that the currency allocation cut would have adverse implications for the economy, the minister said, but negotiation for a new export promotion programme were at an advanced stage and an announcement was likely in the near future.

This is seen as a reference to a loan by the two British banks—Barclays and Standard Chartered—which have been asked to provide \$70m as a bridging loan to see the country through a difficult period of foreign exchange scarcity in 1987-88.

## Mubarak and Peres meet on Mideast peace

By Tony Walker in Cairo

MR SHIMON PERES, Israel's Foreign Minister, and President Hosni Mubarak of Egypt yesterday discussed ways in which the stalled Middle East peace process might be revitalised.

They are understood to have focused on the question of Palestinian representation at a proposed international peace conference. Israel is opposed to the participation of the Palestine Liberation Organisation.

Mr Mubarak and Mr Peres are anxious to see momentum restored to peace efforts, but there is little optimism in Cairo that progress is possible towards a resolution of the Arab-Israeli dispute.

Mr Peres, who will have a second meeting with Mr Mubarak today, said after his talks yesterday the two sides had discussed a formula that would allow an "agreed Palestinian delegation" to participate in a proposed peace conference. Mr Peres said new ideas had been considered.

An Egyptian official said that while Egypt adhered firmly to the principle of supporting the PLO as the sole legitimate representative of the Palestinian people, "we're trying to facilitate the bargaining process, we're flexible in that sense."

AP adds from Damascus: Syria rejected direct Arab-Israeli negotiations within the framework of an international Middle East peace conference.

## OVERSEAS NEWS

### Rescheduling negotiations begin in New York next week, Richard Gourlay reports

## Sense of pride enters Manila debt talks

BRAZIL'S DECISION last week to spend interest payments on \$680m of its debt has sharpened attention on rescheduling talks between the Philippines and its commercial bank creditors that begin in New York on March 2.

But while bankers in Manila who will attend the meeting do not underestimate the seriousness of the Brazilian move, they point out that the Philippines is in a different position altogether. The country will need to go to the banks in mid-1988 at the earliest and has good relations with the International Monetary Fund which has provided a much-needed standby facility.

Nevertheless, in the run up to the talks Mrs Solita Monsod, the Economics Planning Secretary, has led a campaign to push Secretary of Finance, Mr Jaime Ongpin, to take a tougher stand in the talks and ask for commitments for new money.

The talks broke down last November when the 12-member advisory committee representing 483 creditor banks pulled out of talks covering \$12.2bn of the country's \$27.5bn debt. Mr Ongpin blamed Citibank, the country's biggest creditor with \$1.7bn of debt and easily the largest bank in the Philippines, for the breakdown.

His repeated references to Citibank's intransigence has sparked a minor backlash against the bank's local operations. At one stage last month, the Secretary of Finance instructed the central bank to study whether there were any grounds to revoke Citibank's banking licence. Although the subsequent report said there were no grounds, it is the sort of issue in the high profile talks that is making potential investors nervous, bankers said.

"The only thing that will be good for the Government is to agree something in New York," a negotiating banker in Manila said.

On the surface, the two sides enter the new round of talks poles apart, although Mr Ongpin is now suggesting they are within "shooting range". He believes the Philippines is entitled to some of the largesse that Mexico received last October from its creditors, led by Citibank, because the country has diligently swallowed the IMF medicine and restructured the economy.

Mr Ongpin says that without greatly improved interest rates and repayment terms, the economy will not be able to grow, but he is also under domestic pressure from econo-



Jaime Ongpin: under pressure at home.

mic nationalists who have found in the issue a rallying point. When the talks collapsed, Mr Ongpin was asking for Labor (London inter offered rate) plus 1 per cent — Mexico was granted Labor plus 11 per cent — on about \$3.5bn maturing between now and 1992, with re-

payment over 20 years and ten years' grace. In addition, he wants the rate on about \$5.8bn of debt restructured in 1984 lowered by 1 per cent from 11 and its term extended to 20 years as well.

The advisory committee banks, for their part, are digging their heels in at a spread over Labor of less than 1 per cent. Although Citibank is taking the flak for having pulled out of the talks in November, the other banks appear to back the chairman of Citibank, Mr John Reed, in not wanting to give the Philippines a "Mexican deal."

Citibank alone has \$15bn of debt in the Third World. With Brazil's new maturity and Argentina and Venezuela looking on keenly from the wings, renegotiation of the relatively small Philippine debt has become something of a test case.

With this in mind, many bankers say the deadlock may not be broken unless there is political pressure on them from Washington similar to that which Mr Paul Volcker, Federal Reserve board Chairman, however, Washington used up much of its political capital

over the Mexican rescheduling by making the banks "give charity at the soup kitchen," as one banker said.

The debt talks are complicated by the new sense of national pride in the Philippines after last February's peaceful uprising removed President Ferdinand Marcos from power and, more recently, the overwhelming vote of confidence in Mrs Aquino in a referendum for a new constitution.

Its translation into a feeling that the world, and particularly Washington, should be grateful, has produced some positions on the Philippines side as entrenched as those of the bankers. Some Filipinos also question the morality of the huge increase in bank lending early in the 1970s to ventures that they say might not have been well thought through and with apparent disregard to the country's borrowing ratios.

In response to political pressure the bankers appear to be resolute. If the politicians want the banks to make political gestures to help the economic recovery that will hit their earnings, then the politicians should lead by example, they say.

## Japanese urged to join Lagos debt deal

BY STEPHEN FIDLER

A TEAM of senior bankers and monetary officials will visit Tokyo next week to press Japanese commercial banks into joining a rescheduling package for Nigerian debt.

Most of the 330 international banks involved have agreed to join the deal, which was put together by the country's leading creditor banks in London in November.

Their agreement covers 90 per cent of the \$4.8bn-\$4.7bn package, made up of medium-term bank loans and letters of

credit, and also provides for a new \$320m loan.

However, response from the Japanese banks has been poor. Only 30 per cent of Japanese banks have agreed to join, in spite of pressure on Japan's finance ministry which has come informally through the International Monetary Fund and in forums such as the Bank for International Settlements in Basel.

Nigeria's central bank governor, Abubakar Abdulkadir Ahmed, and Mr John Champion of Barclays Bank, co-chairman of the 11-bank steering committee, will lead the Tokyo delegation. Representatives from the IMF, World Bank and from two other leading commercial bank lenders, Bank of America and Standard Chartered, will also attend.

The mission will try to ascertain the main objections to the proposals of the Japanese banks, which have no representation on the steering committee.

While the Japanese banks together account for less than 5 per cent of the amount to be

rescheduled, the package could be at risk if they decide not to participate.

The other banks holding out have a wide geographical spread, although Middle Eastern banks are said to be well represented.

Senior bankers said Nigeria, whose total foreign debt is put at \$22bn, had fallen more than \$60m in arrears by the end of last year on interest payments on its medium-term public sector debt. That figure may have been reduced by subsequent payments.

## Uganda says Obote plotting from Zambia

By Victor Mallet in Lusaka

UGANDA yesterday accused former President Milton Obote and his associates of organising opposition to the government of Mr Yoweri Museveni from exile in Zambia.

Uganda's High Commissioner for Southern Africa, Dr Tibamanywa Mushanga, told a news conference in the Zambian capital: "Time and again we find activities of destabilisation in northern Uganda originating from areas like Lusaka."

Every tax year National Insurance contributions are changed in line with increased Social Security benefits. These are the changes which come into effect on 6 April 1987.

### EMPLOYEES AND EMPLOYERS (Class 1)

Percentage rates will be unchanged, but the lower and upper earnings limits will rise to £39 and £295 a week. The earnings brackets will also change.

	EMPLOYEE'S TOTAL WEEKLY EARNINGS (OR MONTHLY OR YEARLY EQUIVALENT)	NOT CONTRACTED-OUT (PAYABLE AT THIS RATE ON ALL EARNINGS)		CONTRACTED-OUT (FIRST £39 OVER £39)	
		0%	5%	0%	2.5%
Employee	£29.00 to £34.00	0%	5%	0%	2.5%
	£34.00 to £39.00	7%	7%	0%	4.5%
	£39.00 to £295.00	9%	9%	0%	6.5%
Employer	£29.00 to £34.00	0%	0%	0%	0%
	£34.00 to £39.00	7%	7%	0%	2.5%
	£39.00 to £295.00	8%	8%	0%	4.5%
	£295.00 or over	10.4%	10.4%	10.4%	6.5%

\* Employees pay the not contracted-out rate on earnings above £295 a week for employees who are contracted-out. There is no upper earnings limit for employers' contributions.

New contribution tables are being sent to employers, together with leaflet NI.208 giving the contribution rates, a new edition of leaflet NI.15 "Employer's guide to National Insurance contributions," SMP 55 "SMP table of dates" and SMP 55 "SSP rates and notes."

If you haven't received them by 20 March contact:

1. Your Social Security office for not-contracted out tables (CF 391) and SMP 55 and SSP 55, or
2. Contracted-out Employments Group, BHSS, Newcastle upon Tyne, NE8 1YX for contracted-out tables (CF 392).

### DO NOT USE THE PRESENT RED TABLES FOR EARNINGS AFTER 5 APRIL. THE NEW TABLES, FOR USE FROM 6 APRIL, WILL BE GREEN.

### SELF-EMPLOYED (Class 2 and 4)

Class 2 contributions will go up to £3.85 a week from 6 April. If you expect your earnings in 1987/88 to be less than £2,125 you may be able to get an exception from liability. Ask at your Social Security office for leaflet NI.27A "People with small earnings from self-employment."

Class 4 contributions will stay at the same rate: 6.3 per cent of profits between the lower and upper limits, which are raised to £4,500 and £15,340 for 1987/88.

### VOLUNTARY CONTRIBUTIONS (Class 3)

Class 3 contributions will go up to £3.75 a week from 6 April.

FULL DETAILS OF CONTRIBUTION CHANGES — SEE LEAFLET NI.208, APRIL 1987 EDITION, AVAILABLE AT POST OFFICES AND SOCIAL SECURITY OFFICES.

### STATUTORY SICK PAY (SSP)

New rates from 6 April 1987 — 5 April 1988 are:

AVERAGE WEEKLY EARNINGS	SSP WEEKLY RATE
£78.50 or more	£47.25 (standard)
£26.00 — £78.49	£32.85 (lower)
less than £26.00	Nil — employee is not eligible for SSP

The middle rate of SSP has been abolished from 6 April 1987. See SMP 55 for details.

### STATUTORY MATERNITY PAY (SMP)

From 6 April 1987 employers must pay Statutory Maternity Pay to employees who qualify and whose babies are due on or after 21 June 1987. SMP can be paid for a maximum of 18 weeks. There are two rates:

HIGHER WEEKLY RATE	LOWER WEEKLY RATE
90% of employee's normal weekly earnings	£32.05

### COMPENSATION FOR EMPLOYERS' CONTRIBUTIONS TO SSP AND SMP.

The rate of compensation from 6 April will be 7 per cent for SSP and SMP.

For further information see also leaflets NI.227 "Employer's guide to Statutory Sick Pay" and NI.257 "Employer's guide to Statutory Maternity Pay."

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Address \_\_\_\_\_  
Type of business \_\_\_\_\_

Rent and rates	
Bridgend	£2.80
Warrington	£3.10
Swindon	£3.35
Milton Keynes	£3.75
Reading	£5.70
Heathrow	£5.85
Bracknell	£6.20

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# APRIL 6

# THE NEW

# NATIONAL

# INSURANCE

# RATES

## Incompetence rather than duplicity

# America's future

[illegible]

## AMERICAN NEWS

### Crusader on a lifetime's mission

BY IVO DAWNAY IN BRASLIA

MR DILSON Domingos Fumaro, the most powerful yet most isolated man in Brazilian politics, flies into Washington today to set about completing a lifetime's mission.

For the 53-year-old Finance Minister, Brazil's debt crisis is not so much his as the world's problem, a political not an economic issue that demands permanent resolution now.

His five-day crusade around the US and European capitals is exclusively aimed at converting politicians, not the irredeemably infidel banking community for whom he has reserved later forays.

Unlike so many of his predecessors, Mr Fumaro is not a wheeler-dealer pragmatist. Tall, gaunt, austere, prodigiously serious, the toy factory owner from Sao Paulo has earned his nickname of "Messiah" from a nation that usually delights in frivolity.

The sobriquet reflects both respect and awe, and barely concealed alarm at the Minister's apparent utter conviction as to the justice of his cause.

Many believe that his courageous and apparently successful battle with cancer of the lymph glands, has reinforced in him a sense of being the man chosen by destiny to lead his nation from debt enslavement.

In a challenge to the central Government authority, the left-wing governor of the state of Rio de Janeiro, Mr Lioel Brizola, closed Bamerj, the state bank, due to be taken over yesterday for special administration by Brazil's central bank.

The decision to administer Bamerj and four other state banks came after a three-hour meeting on Wednesday between Mr Fumaro, Finance Minister, and Mr Dilson Fumaro, Minister

of Finance, on a new legal mechanism to enable the central bank to temporarily administer the state banks without closing them or permanently intervening.

Based on a presidential decree law issued yesterday, the Government justified its action on the basis the five banks had through uncovered positions and special borrowings from the central bank run up a total deficit of Cr 43bn.

ing. It has the third largest trade surplus in the world and a lower public sector deficit than most of its creditors.

Instead, the minister emphasises, the problem lies abroad with foreign creditors who ripped up a 20-year consensus on development when the Mexican debt crisis first broke in 1982.

The credit freeze reversed the flow of funds to such an extent that Brazil, in the past four years, has paid out \$45bn (\$32bn) while receiving in return only \$11bn.

"There is a confusion in the discussion," he claims. "Who raised the interest rates, who changed the rules? Not Brazil. We just can't allow adjustments with recession."

But if Mr Fumaro's moral arguments for natural justice on the debt issue carry weight, they are undermined by his performance in managing Brazil's domestic economy. Since the collapse within a year of the debt freeze, the inflation rate has soared back to a record 18.8 per cent last month.

How does he plan to tackle the problem of spiralling inflation? "What problem?" he retorts. The economy, he insists, will right itself with the price adjustments and spending cuts now under way.

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### Drams 'are dumped in EEC at half price'

By William Dawkins in Brussels

EEC SEMICONDUCTOR makers yesterday filed a formal complaint with the European Commission alleging that Japanese dynamic random access memories (Drams) are being sold in the Community at unfairly low prices.

The European Electronic Components Manufacturers' Association claims that Japanese Drams are being dumped at margins of around 100 per cent, which would mean they are being sold in the EEC at half of their normal domestic price.

The Commission is preparing to launch a separate inquiry into alleged dumping of erasable programmable read only memories, but is being held up by a staff shortage.

Yesterday's Dram complaint will be considered by EEC and national officials at the next meeting of the Commission's anti-dumping advisory committee in early March before trade experts decide whether or not to launch an investigation.

Japanese producers have built up a 70-90 per cent share of the EEC's \$310m (£200.6m) Dram market, forcing some European manufacturers out of Dram production as a result, the association argues.

It claims that price undercutting has made it impossible for Europeans to charge prices that would allow them to recoup production costs or to maintain profitable production levels.

### New Manila code urged

By Richard Gourlay in Manila

A GROUP of potential US investors yesterday asked President Corason Aquino to pass a new foreign investment code as soon as possible, before he is removed in congressional elections in May.

The group also asked Mrs Aquino to make the proposed new incentives cover three to five years instead of the proposed two years.

Mr Craig Nalen, the US government's Overseas Private Investment Corp president, said: "The Philippines is on the verge of an economic miracle, and the time to get in is right now."

### Japan trade figures show evasion of chip pact

BY CARLA RAPOPORT IN TOKYO

A LARGE-SCALE evasion of the US-Japan semiconductor trade pact through third-country markets was highlighted in Japan's trade figures for January.

According to detailed figures released by the Government this week, exports of integrated circuits to the US grew by 114 per cent in January of this year to \$126m (£90m), compared with January 1986.

In the same month, exports of microchips to the US grew by only 11 per cent to \$78m. Overall, Japan's shipments of chips were up 46 per cent in the period. The growth in exports to Asia, according to industry executives, well outstrips expectations for the period.

The US-Japan chip pact, signed last summer, aims at reducing alleged dumping in the US by raising Japanese chip prices. Prices of chips sent to the US increased, prompting Japanese chipmakers to seek

more sales in third-country markets, notably Asia. Although the pact is intended to cover the prices of chips sold in third countries, Japanese Government officials have admitted that the task is virtually impossible.

Japan's Ministry for International Trade and Industry (MITI) is enforcing a programme of production cuts on chipmakers in Japan, hoping to drive up local prices and thereby reduce the profit in selling chips cheaply in third-country markets.

The US, meanwhile, has set a deadline of the end of this week for a settlement of the problem. Mr Makoto Kuroda, MITI Deputy Minister for International Affairs, is in Washington for talks with his counterparts on this and other issues.

The US is also pressing Japan to increase foreign chip sales in Japan, another undertaking agreed to by Japan in last year's pact. January's figures show an embarrassing drop in chip imports from the US, down 5.5 per cent from a year earlier.

A seminar was held for Japanese chip purchasers in Tokyo this week at which Mr Yukio Honda, director of MITI's industrial electronics division, called on his audience of 500 executives to "buy as many chips as possible."

Toshiba, one of Japan's leading electronics companies, yesterday said it would begin marketing integrated circuits made by Motorola of the US in a bid to help boost foreign chip sales in Japan.

Toshiba said it hoped to increase Motorola's share of the bi-polar logic devices to 10 per cent of the market in three to five years. Bi-polar logic, which have annual sales in Japan of about ¥90bn (£300m) are widely used for mainframe computers

### US takes tough line on Airbus row with EEC

BY PETER MONTAGNON, WORLD TRADE EDITOR

THE GENERAL Agreement on Tariffs and Trade is to begin discussions in Geneva on March 18 aimed at resolving the controversy between the US and EEC over subsidies granted to Airbus, the European aircraft manufacturer.

This was stated yesterday by Mr Michael Smith, Deputy US Trade Representative, who told European journalists in a satellite link-up from Washington that Airbus could not launch its planned A-330/A-340 series of long-haul planes without "massive" subsidies.

Agreement to take the matter to the Gatt was reached earlier this month during a visit by Mr Smith to Europe.

However, Mr Smith made it clear yesterday that the US has not changed its view since then that the European subsidies to Airbus were in contravention of the Gatt code on civil aircraft.

The fundamental issue for the US was not past subsidisation of Airbus aircraft, but the prospect that more subsidies would be granted to get the new series off the ground.

The US wanted the Gatt talks to examine whether there was a prospect of Airbus making "a reasonable rate of return" on its

new aircraft. It would also be watching daily for evidence of "unfair marketing tactics" by Airbus which would hurt the rival MD-11 aircraft being launched by McDonnell Douglas, he said.

Separately, Mr Smith said the US was still "disappointed" at West Germany's failure to open up its telecommunications market to foreign competition.

Among EEC countries, Germany now posed the biggest single problem to the US in this area and bilateral talks between the two countries were to resume next month, he added.

Prospects of a dispute with West Germany in another area—machine tools—had now diminished because of the weakness of the US dollar. This was likely to put a natural brake on German machine tool exports to the US.

Late last year, the US, which has negotiated voluntary export restraint arrangements on machine tools with Taiwan and Japan, notified Germany and Switzerland that it would impose curbs on their machine tool exports to the US if they went above a certain ceiling.

The weakness of the dollar means that ceiling is unlikely to be reached, he said.

### Split surfaces again in Gatt trade talks

By William Duffforce in Geneva

FUNDAMENTAL differences between the US and developing countries on how to liberalise trade in services surfaced again this week at the first meeting of the group designated to handle services in the Uruguay Round.

The US wants to focus on establishing a framework of principles to govern trade in services, which can then be applied to individual sectors. Such a framework could be in place by the middle of 1988, it has said.

Washington also wants to start examining regulatory barriers to international trade in services, such as banking, telecommunications and contracting.

Brazil and India, the two countries which fought to have services excluded from the new round of trade talks, insisted this week that priority should be given to defining services.

The starting point, Mr Paulo Nogueira Batista, head of the Brazilian delegation, said, had to be the establishment of a solid factual basis. Precise definitions were required, if negotiators were to ascertain the nature of the issues and ask the correct questions.

### Chile debt deal lowers interest

By Alexander Nicoll

CHILE HAS clinched a re-scheduling deal with its leading creditor banks, lowering the interest costs on \$10.6bn of debt and avoiding the need for the country to arrange a new loan.

The 12-bank advisory committee, chaired by Manufacturers Hanover, reached agreement on a precedent-setting arrangement, known as "retiming," for interest payments on \$12.4bn of debt. From 1988 until 1991, Chile will pay interest only once instead of twice a year, reducing its financing needs this year and next by a total of \$447m.

Citicorp, which saw retiming as a step towards capitalisation of interest, was understood to have withdrawn its strong objections last week.

The accord spreads payments on previously rescheduled debt, as well as payments due in 1988 to 1991 on unrescheduled debt, over 154 years including six years grace at a margin of one percentage point over London interbank offered rates

### Mexico presses banks over loan

BY DAVID GARDNER IN MEXICO CITY

MEXICO HAS told its international bank creditors it can wait no longer for the completion of the \$7.7bn (£5.5bn) commercial credit package agreed in principle last September, and that it intends to begin signing the facility with the majority of its bankers on March 20 in New York.

In a telex to the international banking community dated February 24, Mr Gustavo Petricoli, Mexican Finance Minister, said disbursement of the new funds was now "an absolute necessity" and urged the 90 or so, mostly US regional banks, still to agree to the package to complete subscriptions now totalling \$7.446bn, or 97 per cent of the total.

"We cannot wait indefinitely for those who seek only the continued payment of interest but refuse to contribute to our ability to restore economic growth and to make such payments."

"It is not fair to the Mexican people and it is not fair to the banks that have supported us," Mr Petricoli said.

The so-called Multi-Facility Agreement, which includes contingency financing linked to targets for the restoration of growth and to oil prices, was originally due to have been completed at the end of October last year.

At a press conference on Wednesday night, Mr Petricoli warned that banks which refused to take part in the agreement could be subject to "reciprocal" treatment, though he declined to elaborate.

The Mexican telex is accompanied by parallel exhortations from the IMF, the World Bank and the Bank Advisory Group for Mexico, all warning, in implicit reference to Brazil, against any souring of the international economic climate.

Mr Barber Conable, president of the World Bank, warned that the continuing delays in completing the new financing was jeopardising the Mexican recovery programme.

"Having developed a far reaching programme change, imposed severe austerity and asked the population to make major sacrifices, it is understandable for Mexico to wonder whether it is being asked to do this single-handedly, without the support of all its creditors for a sound programme of structural change which will enable Mexico to resume growth and restore its creditworthiness," Mr Conable emphasised.

On Wednesday night, Mr Petricoli, accompanied by senior officials including Mr Miguel Mancera, the Bank of Mexico chairman—categorically rejected suggestions Mexico might follow Brazil's example and suspend interest payments.

Mr Mancera said Mexico had experienced a \$2bn net inflow into the reserves over the past 14 months, despite last year's \$8bn loss in oil earnings. This would put Mexico's gross international reserves currently at \$7.5bn.

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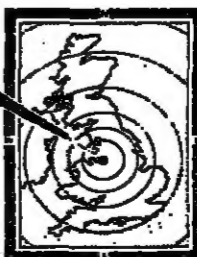
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**Arthur Smith reports from a factory where pride has given way to fears for the future**

## Closure of Scammell plant shocks workers

### Scammell's Nubian airport crash tender

Mr Beck says the news was greeted by stunned silence in a

The proposed venture could save up to 100 jobs in its early stages but Mr Sweeting says: "A number of workers have already told Mr Wilkes that they are prepared to put their redundancy money behind him. Scammell is that sort of company with those sort of people."

**NATIONAL SAVINGS**

## TECHNOLOGY

# Keys to the heart of the graphics revolution

Peter Marsh reports on radical changes in the world of design

"COULD you move Africa down a bit, and make the sea bluer?" The question is being asked of Richard Baker, a designer with a London graphics company.

Baker is seated in his London studio, hunched over the controls of one of the powerful new computers which promise to bring radical changes to the world's design, printing and advertising industries.

The machines, which permit designers to experiment with new ideas and to produce complex images extremely quickly, are already in use in such areas as the design of textiles, banknotes, food packages and the interiors of cars.

In the case of Baker, who works for Video Graphics, a subsidiary of Robert Maxwell's British Printing and Communications Corporation, he is designing the front cover of the parent company's annual report. The cover features a projection of the world, with a stream of lines, meant to depict the orbits of satellites, flowing out of the company's headquarters in London.

Given such a commission, most designers would produce innumerable rough illustrations on paper, prior to coming up with an image that satisfies the

client. This final illustration would then be redrawn highly accurately before being sent for printing.

Rather than paint and draw on paper, Baker uses a high-resolution TV screen. By pressing buttons on a keyboard and moving a hand-held control device called a "mouse," he can change details on the screen in a fraction of a second. This saves an immense amount of time in tearing up bits of paper and starting again.

When the design is finished, it is translated in a matter of minutes into a digital code stored on a computer tape. The tape is fed into a scanning device which produces the separations required in printing. Separations are pieces of transparent film used to make different colour images.

The technology is highly expensive. The machine which Baker is using is called a Graphic Paintbox, and, with ancillary equipment, costs £400,000. The system, made by Quantel, a British company, is an improved, higher-resolution version of Quantel's Video Paintbox, which are used mainly in TV studios for editing video film.

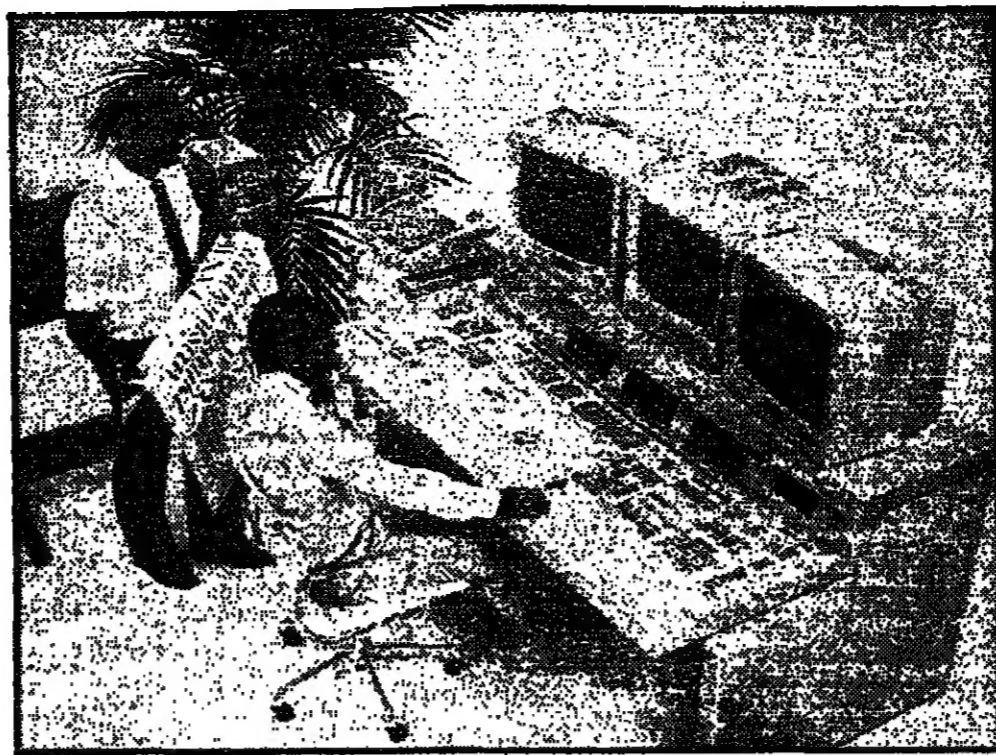
According to Gerhard Wick,

Video Graphics' managing director, the investment is justified largely by the ease with which special features — such as depictions of laser beams or an unusual collage of different images — can be added to a design. The system can turn out material in, typically, a quarter of the time that a conventional illustration would take.

Video Graphics works mainly for specialist advertising agencies producing unusual or "high-tech" imagery, for the covers of computer magazines for instance. It has also used its Paintbox to produce corporate reports for companies such as Norwich Union and Reuters.

The Graphic Paintbox is a striking example of the electronic gadgets transforming the world of advertising and design. While systems used to edit or manipulate images produced conventionally, either from sketches or from photographs, have been in widespread use in the design and printing industries since the early 1950s, the Paintbox belongs to a new breed of machines with which designers can originate material on a screen.

The existing types of equip-



Aesthetes: 500 buttons and three screens used to produce high-quality artwork

ment, for manipulating images, fall broadly into the category of page make-up systems, made by companies such as the UK's Crossfield Electronics, Scitex of Israel and Rudolph Hell, a subsidiary of Siemens of West Germany. With such machines, used mainly by specialist printing concerns, of which London-based Style is an example, a technician can, for instance, retouch a colour transparency or juxtapose images, but without

creating anything new.

The new equipment, with which graphics material can be originated, is loosely related to the computer-aided design systems which feature in the engineering and electronics industries. The difference is that the graphics machines offer very high resolution, can be linked easily to printing equipment and are meant for use by artists, rather than technicians.

Use of computers in creative

work in the advertising industry is limited at present but "is going to increase," says Cliff Bailey, director of creative services at Saatchi and Saatchi Compton, the London agency. He thinks that the industry is not training enough people to use the machines. Also, say other observers, many in the advertising business are wary of new technology on the grounds that it may change the way they work.

## Quick-on-the-draw time savers which let creativity flourish

THE Graphic Paintbox, made by Britain's Quantel, and the Aesthetes system, made by a Belgium-based company of the same name, are the leaders in high-resolution graphics equipment for designers.

The Aesthetes system, of which more than 100 have been sold since the early 1980s, is the most widely used. Production of Paintboxes, in contrast has only recently started.

While the Paintbox is used mainly to produce coloured pictures — its quality is so good that images produced with it can be mistaken for photographs — the Aesthetes system is used for line drawings.

Controlling the Aesthetes equipment, which with peripheral computer hardware can cost up to £300,000, appears similar to piloting an aircraft. The designer sits behind a large desk which features 500 buttons. By pressing these, he can

create and manipulate images on three TV screens.

Once the artist has produced what he regards as the perfect drawing, he can connect the machine to a plotter to create the design on paper. The machine can directly cut out images on a plastic film, or can be connected to a scanner to produce separations. In these cases, the film or separations are used in a printing process.

With an Aesthetes machine, an artist can produce an illustration containing 50 lines packed into 1 millimetre. This precision is necessary for high quality artwork, and also for certain kinds of printing, for example flexographic techniques which transfer images on to items such as cellophane bags.

In Sweden, Volvo and Electrolux use Aesthetes equipment for designing the interiors of cars or the shapes of household electrical equipment. In Britain,

Marks and Spencer has spent £300,000 on an Aesthetes system for producing patterns for food packages and textiles. Coloroll, the Lancashire wall-paper and ceramics group, has ordered a £200,000 machine to speed up its design work.

Publinter, a 20-person design company in Geneva, bought an Aesthetes system two years ago. Dominique Berthet, a director, says: "The main advantage is that you can get rid of the execution (of designs) and keep the creation. We can work 10-15 times quicker with the system and save a lot of time and money."

With the equipment, Publinter has produced packaging for Philip Morris, the cigarette company, and for Migros, a Swiss store chain.

Jelle Van Der Toorn Vrijthoff is another user of the Aesthetes equipment. Total Design, a 30-person company in Amsterdam

of which he is creative director, has spent £500,000 over the past three years buying three of the systems. You can do things with the machines which you can't do by hand," says Mr Van Der Toorn Vrijthoff, whose company's customers include IBM, Philips and Heineken.

Other users of similar systems point out that the computers should be regarded only as tools, not as substitutes for design expertise. "Without a designer in charge, a computer is no more than a heap of tin," says Alan Sekers, managing director of Imagine, a London graphics company which specialises in computer work.

Roger Lewis, who works for 4i, another specialist design company in London, says computers give artists the chance to experiment. "Time is always a problem. You have all these wonderful ideas but you

have to work within budgetary limits."

Designers could be forgiven for thinking that the new machinery, by speeding up the creativity process, might represent a threat to their employment. According to Keith Huddleston, managing director of Liverpool-based Digital Artwork Studios, that is not the case.

Huddleston's company, which produces packaging designs for a variety of food concerns such as Sainsbury, Tesco, Cadbury Schweppes and Rowntree MacIntosh, six months ago spent £160,000 on an Aesthetes system. He says that the equipment helps his venture's competitiveness to such a degree that he is looking for three more people to add to his staff of 11. Huddleston expects total staff to double over the next three years.

Many designers are put off by

the high cost of the existing equipment used to help creativity. According to Bob Schaff, director of computer education at the Art Center College of Design in Los Angeles, prices are likely to tumble significantly as new, small companies produce powerful hardware and software packages that can supplement ordinary personal computers.

In the US, companies such as Island Graphics, Lumena and Artronics are producing systems which give resolution approaching that of the Quantel Paintbox, but at about a tenth of the cost. The systems are often based on computers such as the Apple Macintosh. Schaff says that these machines, following in the footsteps of their higher-priced brethren, will prove "of fundamental importance" to the advertising and product design industries.

### Secret to a quiet night's sleep

FOR THOSE with a snoring problem—there could be 16m sufferers in the UK alone—a Swedish device called Snoozer is said to provide the answer to a quiet night's sleep.

Available in the UK from Prodatex of London, Snoozer, the size of a pack of cards, contains microphone, an electronic controller and a vibration generator. It is placed under the pillow and when the first few consecutive snores are detected, they set off the vibrator for a couple of seconds. This claims the company, is enough to make the snorer turn on to his (or her) side and so stop the offending din.

There could be other health benefits, apart from improved sleep. Apparently some doctors think snoring raises the blood pressure (in the snorer, not the partner). Snoozer costs £50 and Prodatex hopes to sell 100,000 units this year.

### Lighting way to lower energy bills

UK ENERGY management company Ripul is offering a ceiling mounted unit which detects the passage of a person below and switches the lights on for up to 10 minutes.

Useful for short-stay places and corridors in public or company premises, the unit detects body heat infra-red emissions but is activated only by the changes it "sees" when a person walks past, not by changing sun heat or radiators.

An additional photocell keeps the lights off altogether if the daylight is strong enough.

### Information unit for UK industry

IN THE UK, the Department of Trade and Industry (DTI) has provided a unit to start ComCentre, a unit attached to the Production Engineering Association in Milton Keynes, Leicestershire.

ComCentre is an information unit to which UK industry can refer for the latest developments in factory and office communications standards. It will monitor events within the world's standardisation bodies and in the MAP (manufac-

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ing automation protocol) and TOP (technical office protocol) initiatives pioneered throughout the world by General Motors and Boeing. A subscription from £100 to £5,000 is payable depending on the size of the subscribing company.

### WORTH WATCHING

Edited by Geoffrey Charlish

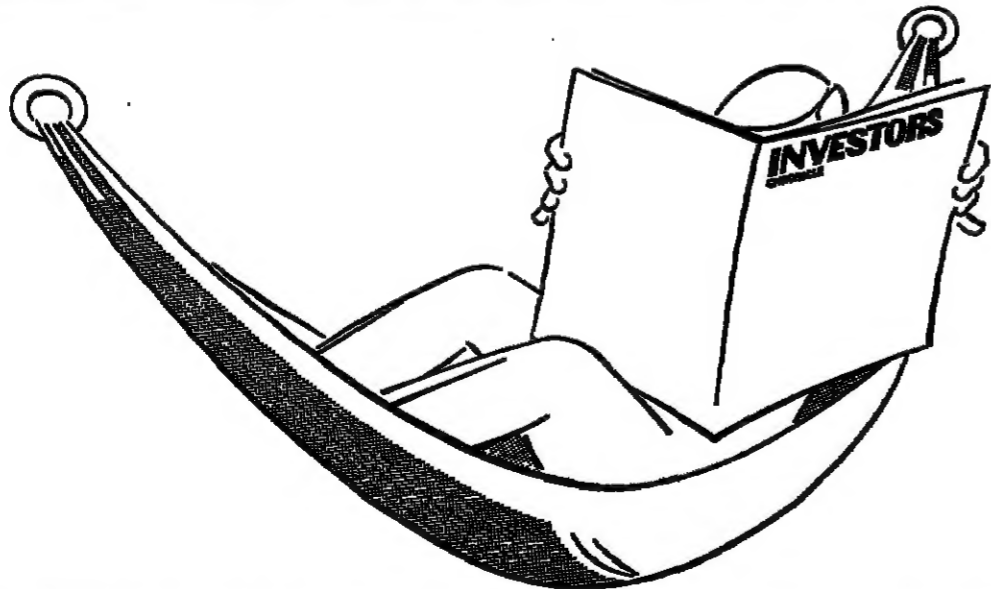
### Joint-force bids for radar work

AN Anglo-French-German management consortium has been formed to bid for Cobra, the European "counter battery radar" which is to be deployed in the 1990s at a total cost of about £500m. The consortium is made up of Ferranti and Marconi Radar Systems of Britain, Standard Elektrik Lorenz and Elektronik System Gesellschaft from Germany, and Le Matériel Téléphonique-Professionnelle from France.

The equipment, which it is expected will be produced by three companies, uses phased array radar and advanced data processing to detect and classify incoming projectiles in a battle area. Such a radar can look into the total forward volume of a battlefield without a moving (scanning) antenna, and can "see" virtually all points in it at the same time.

CONTACTS: Prodatex, London, 089 9746; Ripul, UK, 0884 4444; ComCentre, UK, 0844 501501; Ferranti, UK, 0244 482222.

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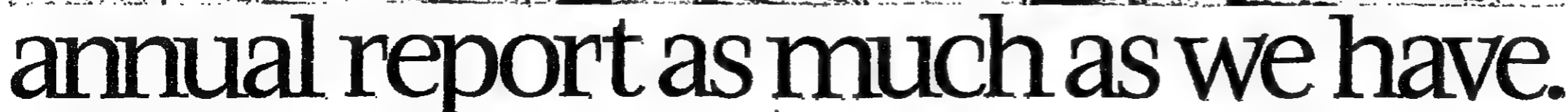
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# FINANCIAL TIMES SURVEY

Friday February 27 1987

## City of London Property

Electronic office systems are making location much less important than before. Rents in outer areas are catching up with prestige inner areas as demand outstrips supply

### Demand for flexible accommodation

THE CITY OF LONDON is a function, no longer a postal address. The function is finance and it does not have to be applied only in the Square Mile. So the City is spreading in all directions.

Location of an office is not so crucial as it was. The players in the financial game do not have to walk everywhere. Until recently, recalls Mr Peter Hunt, managing director of Land Securities, largest of Britain's property investment companies, "it was so much a question of location that you could have a very different rent level a couple of doors down the road."

But now rents in different parts of the geographical City have been edging closer and as financial institutions have moved to the West End, or just south of the River Thames to London Bridge City or north to Finsbury Square and beyond, the outer rents have started to catch up with the inner ones.

Here then is an obvious sign that demand has been outstripping supply, that the old criteria of where to put an office have been laid to rest.

According to Mr Hunt, three things have happened. Since the late 1970s the big office tenants have become more stringent in their demands. They have been looking for better services; they have been looking for flexible accommodation to accommodate all their electronic gear.

The second thing has been the reorganisation of the securities markets, "extending the ability of the players to operate and setting up an electronic stock exchange rather than a floor stock exchange," as he puts it. This helped nurture the de-

mand for bigger buildings as companies amalgamated and wanted to bring their staff together.

The third change has been the influx of foreign concerns to operate not only the domestic securities market but the international financial markets.

The City itself simply did not have the space of the type required to meet all of these three changes simultaneously. The gearing-up to meet the changes has meant boom time for developers and high rewards for those with the right accommodation.

To a large extent, says Baker Harris Saunders, the agents specialising in City properties, "the City is adapting to current demands by rejuvenating obsolete sites and buildings."

At the same time, east of the City, large areas of derelict land once used for port facilities are being transformed under the supervision of the London Docklands Development Corporation.

Here is a response and a threat. A response to the high demand, and a threat that if demand is not met, there is a district which will try to meet it.

At the planning level, the Corporation of the City of London has permitted development and redevelopment on an unprecedented scale. At the operational level, the developers and property owners have piled in with new schemes. The City has resembled a huge building site.

There are a number of snags. First, those already occupying premises which seem ripe for development have to be found another home somewhere.

By Paul Cheeswright  
Property Correspondent

Hence the move by some American institutions to the West End while they await their tailor-made property.

This led Charles Sanderson, of Savills, the surveyors, to doubt whether the City Corporation's new approach will bear fruit this decade. "There is a heck of a difference between policy and reality when it comes to enabling development, and vacant possession is a prerequisite," he says.

Second, at the other end of the spectrum of assessment, concern is building up that there might be too much development, too quickly, for the market to absorb all the new supply of accommodation. Some might get their fingers burnt.

"A lot of people have seen the position at the same time," says Mr Martin Landau, chairman of City Merchant Developers which has 1m square feet of space under development in the City. "All pile in and you get over-supply. There's a danger of over-supply in 1990."

This is now becoming the accepted wisdom, based on the sums of the chartered surveyors who have been tracking known demand and trying to match it to the estimated supply. Last December Jones Lang Wootton worked out that planning permissions had been given for 8m square feet of office space and that applications were outstanding for a further 6m square feet.

Implementation of all ex-

isting and prospective approvals could create an excess of supply overall by the beginning of the 1990s unless a corresponding new demand is generated in the interim," Jones Lang said.

As Richard Ellis notes, demand from the financial sector is difficult to predict. It all depends on the international markets. "Beyond 1987 demand is likely to be affected by lower business activity in a more sluggish economic climate."

Medium-term estimates indicate that underlying problems could become more apparent towards the end of the decade. In this scenario, take-up might fail to match anticipated new supply, at least temporarily.

The third snag springs from the second. With everybody piling into the market and the existence of at least a possibility of over-supply, there could be a financial problem.

Mr Landau is sharply critical of those he terms the fringe developers who are taking rental exceptions as the norm. What he is getting at here is taking rents of 250 per square foot upwards as the norm when they have been reached on only a few occasions, and then working out the calculations on the likely viability of a building on that basis.

For the moment there is plenty of finance available. The institutions might have tired of investing in certain types of property outside London, but their thirst for the City does not appear to have been sated.

But there is also an increasing amount of non-recourse bank lending going on: this is expensive and at the end of the day has to be re-financed. If demand slips, it is legitimate to ask who is going to buy the property.

At the same time building costs have been increasing and, with sterling low, the charges for imported materials are higher, again putting question marks over some of the calculations on the viability of some planned developments.

But though some of these calculations may be over-optimistic, for the moment, it may not matter. The demand is strong.

The time that the developers start worrying will probably be when the number of pre-letting contracts start to fall off. Or when, for example, it proves to be more difficult for Rosehaugh Stanhope to find tenants for their rapidly-rising Broadgate complex at Liverpool Street Station, currently the biggest office development in the City.

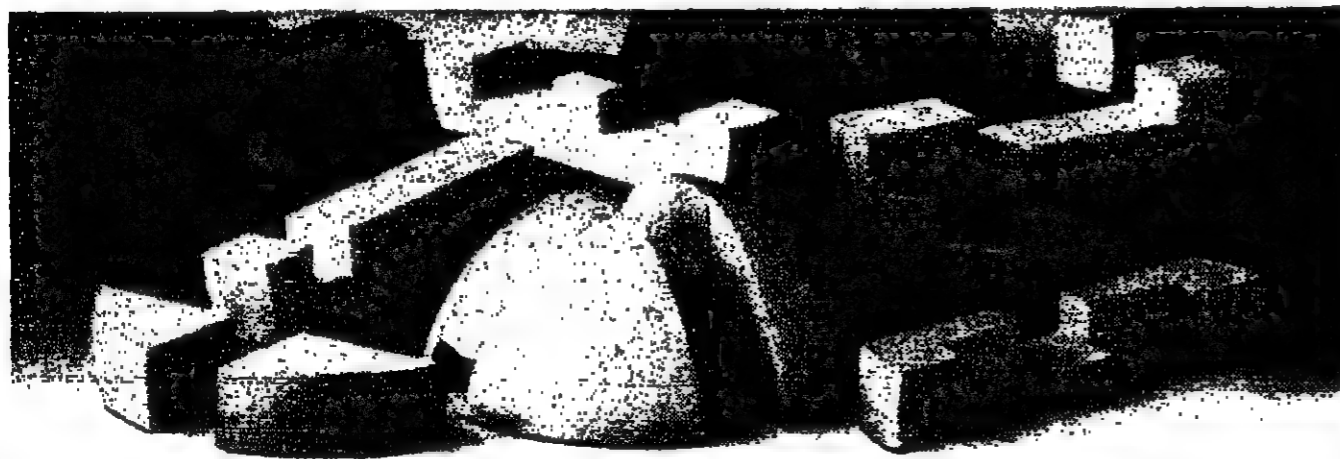
Such harbingers of gloom can be further offset by other factors. While the demand for space of say, 250,000 square feet in one block might be limited to a few major financial institutions (and here everybody is waiting for the Japanese to show their hand), this does not necessarily rule out the future demand for the smaller blocks.

Developers, in any case, point to the likely increased demand from sectors which service the financial institutions—lawyers, accountants and so on. And they point to the continuing demand for updated and modern accommodation.

At the end of the day, though, everything will depend on timing. Projects still on the drawing board and without planning permission might miss this boom in a very cyclical market. But as Mr Hunt observes, "Anything starting now will hit good demand."



Broadgate, the 4m sq ft gross offices complex going up around Liverpool Street Station



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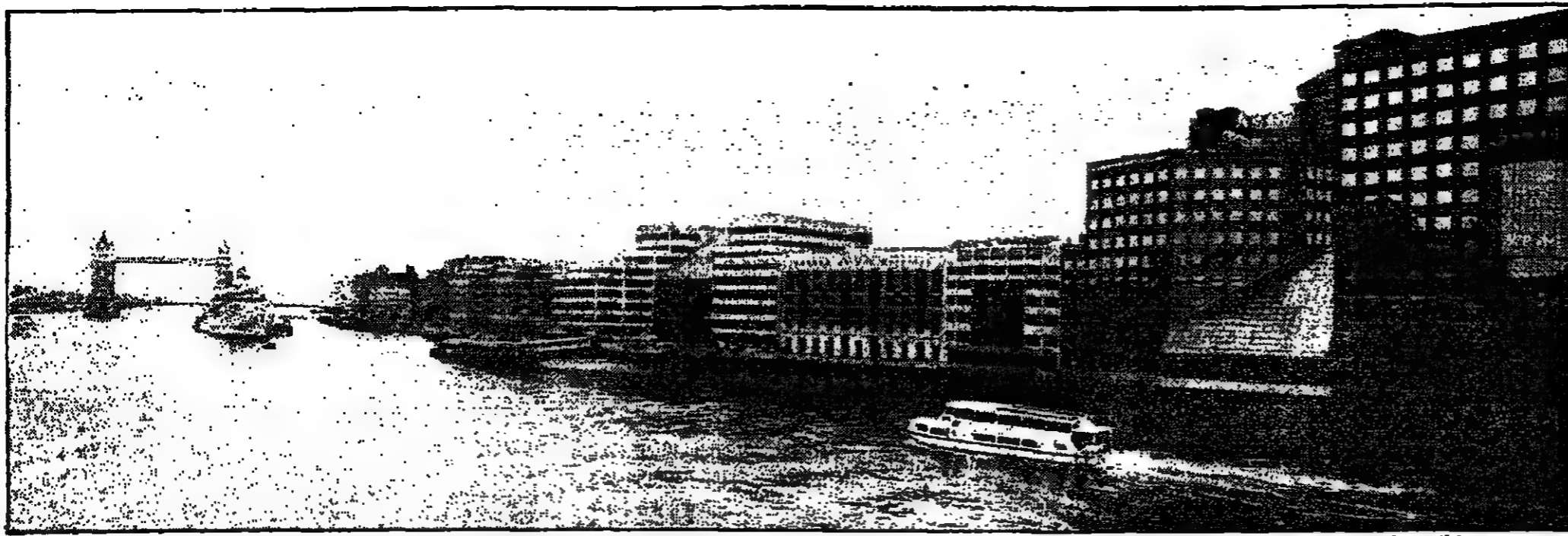
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## City of London Property 2



London Bridge City, the Kuwait-backed development of the south bank of the Thames between London Bridge and Tower Bridge, goes into its second phase this year.

## Planning criteria

## Revised policy aims to square the circle

THE CITY CORPORATION planners had a problem. They wanted to make certain that what they call the City's "wealth of history and its special architectural heritage" is maintained. They wanted also to ensure that London maintains its position as a major international financial centre.

They have tried to square the circle in the City of London Local Plan, the document that sets out the planning policies to be followed over the next decade. To do so they tilted the compromise between environmental and commercial demands towards commerce, but tried to do it in such a way that the old City, with its myriad narrow streets and sometimes rather scruffy intimacy, retained its basic shape and atmosphere.

The best way to do that was to use the space in the City more efficiently. That in turn pointed to pushing development out from the central core, the area

specified for conservation. It entailed throwing overboard the old criteria that had been used by planners to regulate the density of buildings. Density had become less of a problem than the sheer bulk of some modern constructions.

To maintain the fabric of the old City intact, the planners decreed a conservation area in the district around the Bank of England. Here planning restrictions are closely guarded and in general developers looking to bring up to date old buildings are being told to keep the external shape of the building and to reconstruct behind the facade.

At the same time the planners have kept a check on the height of buildings where they might obstruct the view of St Paul's Cathedral, so the City map shows areas where the views of St Paul's must be left unimpeded.

On the other side of the development coin, there was a move to open up the way for

expansion of office premises by defining a plot ratio of five to one throughout the whole of the City area, save for Smithfields on the north east side which has its own plan.

The plot ratio is a form of measurement which states that for every square foot of surface space there can be only so many square feet of space in a building in the City centre, the ratio had historically been five to one, but throughout the City as a whole the ratios had differed.

Alongside this the City decided that, for the purposes of plot ratios, a building would be construed as the structure above the ground. This meant that, theoretically, developers could go underground with their construction as far as they liked.

None of this suggested that the property owners and developers would be allowed a free-for-all. They would have to run the gauntlet of the normal planning process. What it did

mean, in the assessment of the City Corporation, was that the capability existed, inasmuch as it could be provided by the planning authorities, for a 20 per cent expansion of City office facilities.

All of this represents a substantial shift in the attitude of the City Corporation. Preparations for a new local plan, the statutory document which defines the nature of development which will be permitted in any given area, had started in the 1970s, and a draft released for public comment in 1985.

It ran into objections from all quarters—conservationists and developers alike. Some 1,500 points to argue about were raised. The draft was essentially a conservation document, intent on keeping the City as it had been.

What those who had drawn it up could not have taken into account was the effect that deregulation of financial services would have on the City,

nor its growth as an international financial centre. Nor again the potential threat to its position from plans to develop an alternative centre further east in London Docklands.

The confluence of the objections and the shifting circumstances of the City's position led to a reappraisal, the result of which shifted the balance of the report much more in favour of development.

Mr Michael Cassidy, chairman of the City Corporation's planning committee, makes clear his support for the redevelopment of Docklands but his opposition to the establishment of a rival to the City in that district—a rival in the form of Canary Wharf.

Canary Wharf was a response to the same question that the City planners had been asking—how do you provide a basis for 20th century financial industries in a 19th century environment? The US and continental banks behind Canary Wharf, said, in effect, that the City

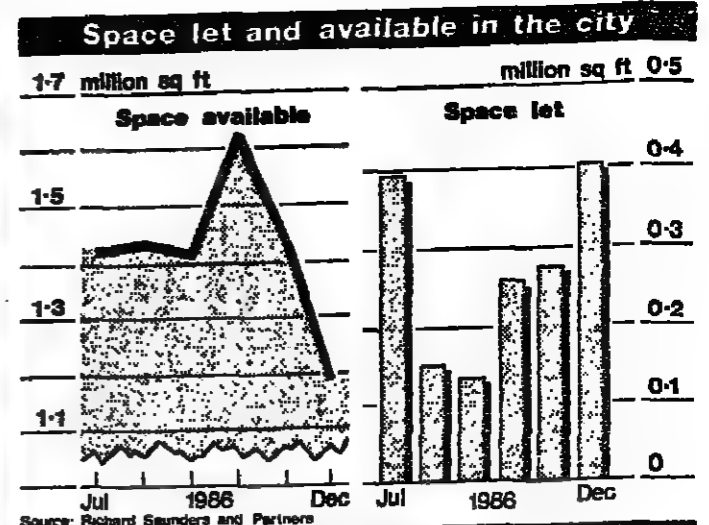
should be moved east. The City planners accepted the challenge by making it easier for the developers to mould the City itself.

"It is my hope that this (the local plan) will ensure the continuation of the City's role as a primary source of international finance," Mr Cassidy said in his introduction to the planning document.

Whether it is successful remains to be seen. It is one thing to set out a plan, quite another to put it into effect.

The plan itself lacks statutory backing. That is only likely to come after there has been a public inquiry to adjudicate the remaining points of issue in the plan. Issues that the planners have failed to resolve by direct contact with objectors. But it is doubtful whether anything fundamental will be changed.

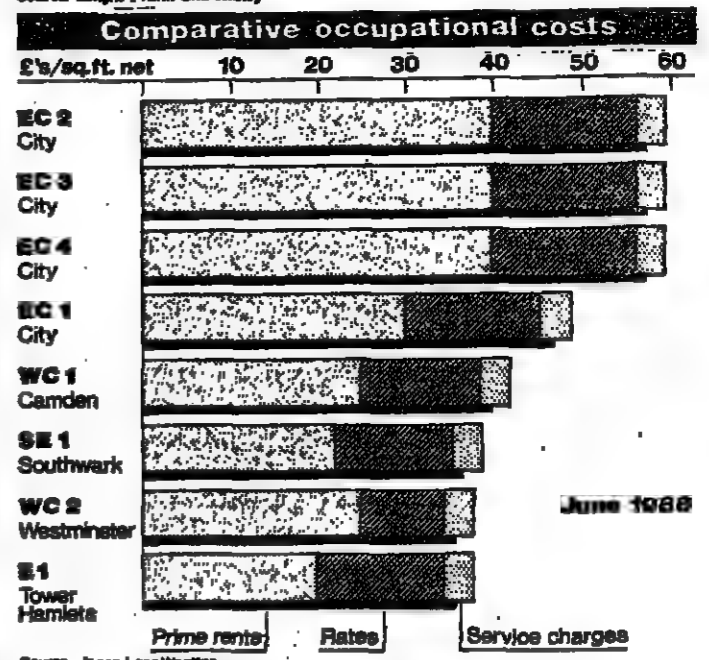
Paul Cheeseright



City office developments (Approximate sq ft gross)

	1985	1986	1987	1988	1989	TOTAL
EC1	17,000	75,700	217,550	1,160,250	1,051,500	2,522,000
EC2	1,336,360	1,146,750	1,679,125	2,532,250	3,246,400	9,940,885
EC3	1,226,285	985,800	734,081	1,824,500	1,044,000	5,814,667
EC4	622,100	737,300	752,500	994,400	3,027,450	6,133,750
EC (part)	357,000	116,000	299,300	956,700	2,914,500	4,643,500
SE1 (part)	62,000	1,565,000	335,000	146,000	1,739,000	3,847,000
Cumulative TOTAL	3,620,746	4,626,550	4,019,526	7,614,100	15,022,850	32,903,802

Source: Knight Frank and Rackley



## Eastern rim

## Strong interest and rising rents

IS THE eastern rim of the City going to be outshone by the western periphery? Now that Goldman Sachs is going to Fleet Street, what are the prospects of a "mid-town" location?

Wise heads think it unlikely, at least for some years. They point out that Goldman was outbid for the Royal Mint, on the eastern side. They also point to the sheer amount of development in train on the east.

Rosehaugh Stanhope is up to a 4m sq ft total at Broadgate to the north east. Chris Peacock of Jones Lang Wootton, joint agents with Healey & Baker and Matthews Goodman, says that there is very strong interest, with terms being discussed, for phases Six to Eight of the development which fronts Bishopsgate alongside Liverpool Street Station—seen as a strong plus point given the large number of commuters employed by the occupiers.

Phases One to Three of Broad-

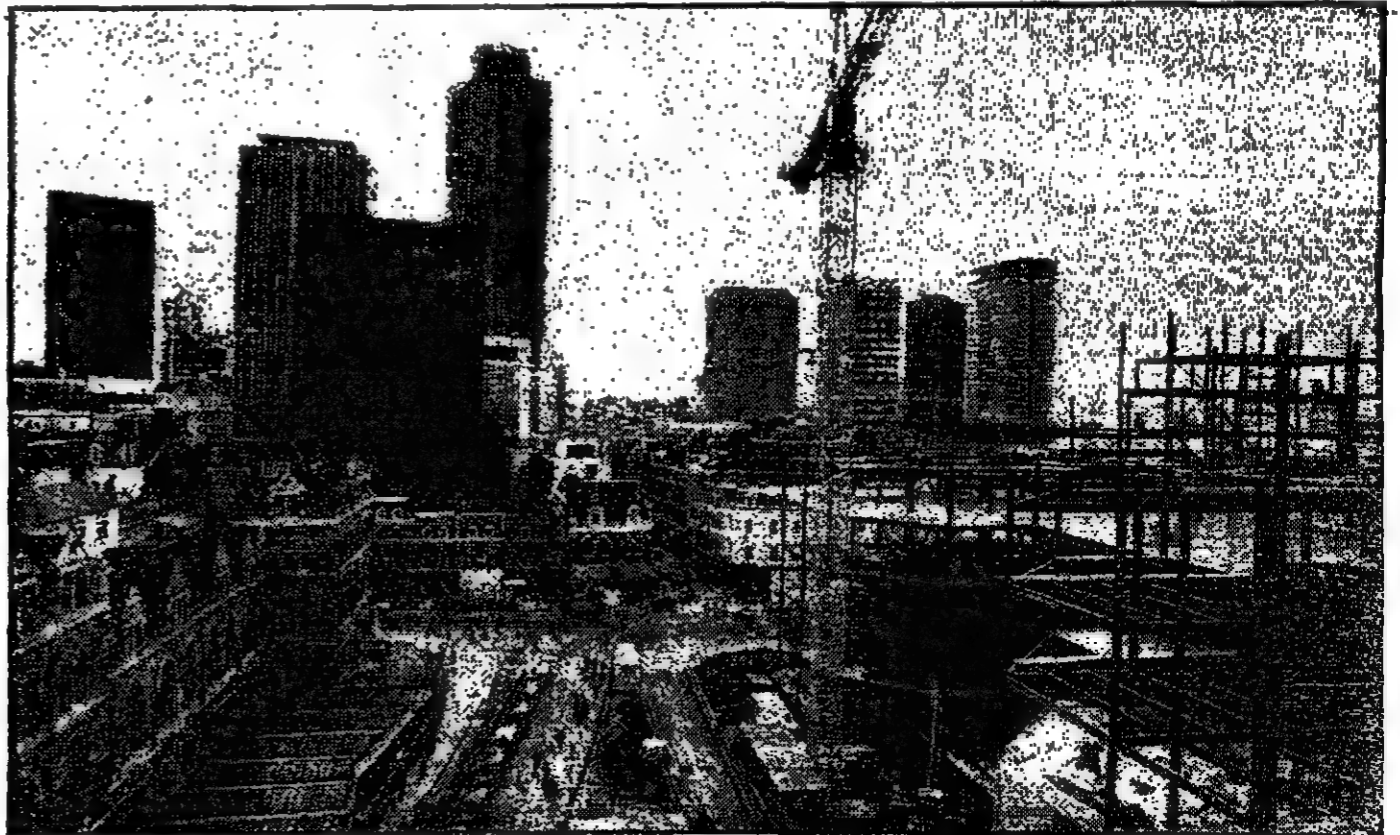
"THE CITY Eastern sector, which previously lagged behind the rest of the City in terms of rental growth since 1984, achieved the highest increase in the second half of 1986. A 33 per cent rise in average rents was primarily a product of availability at a time of City-wide space shortages—more speculative buildings were available for letting in this area than in any other City sector." Jones Lang Wootton, City Office Review.

gate were taken by Security Pacific, Amex and the Union Bank of Switzerland respectively. Lloyds Bank has pulled out of the 250,000 sq ft Phase Four, deciding recently to decant some of its office staff to Bristol. But, as one observer put it, this is "not necessarily to the detriment of the developers," given the way that rents have been rising.

Clive Arding of Richard Ellis notes that different planning policies apply if you move further east—Tower Hamlets—

or south, where the London Docklands Development Corporation is the planning authority for London Bridge City, the Arab-owned St Martins Property development on the south bank of the Thames between London Bridge and Tower Bridge.

Tower Hamlets, especially, may dictate a different approach to both development and investment—development in the type, character and the urgency of proposals, and investment in the attitude of the



Steelwork goes up on the Bank of Switzerland site, close to Liverpool Street Station.

Mr Harris says that he is still having discussions with the planners, although several other potential developers are expected to tender. L & M also, he says, effectively controls the Bishopsgate frontage, and has planning permission for a relocation site at Temple Mills.

South from Spitalfields is Cutlers Gardens, Greycoat's pioneering east of Liverpool Street development, which

established the location, and has proved rental growth from the £16 a foot mark to over £30 in a few years.

South of that, and brand new, are development plans for Beaufort House, 15 St Botolph Street, where Stockley Town & City are planning 550,000 sq ft to be let by Baker Harris Saunders; and a 900,000 sq ft plan by the Prudential for a

three-acre site bounded by Mincing Lane, Great Tower Street, Mark Lane and Dunster Court, which the Pru expects to be a £400m-plus investment.

Richard Ellis has been retained as letting agents for the scheme. The GWM partnership has been appointed as architects, and Gardiner and Theobald as quantity surveyors.

Other major developments or

projects around Tower Bridge include the Royal Mint, Thomas More Street, Towergate and Phase Two of London Bridge City, and could total another 2.5m sq ft.

Something special will be required from at least some of this space, and Chris Peacock says that St Martins has brought in two New York architects, John Burgee and Philip Jonh-

William Cochrane

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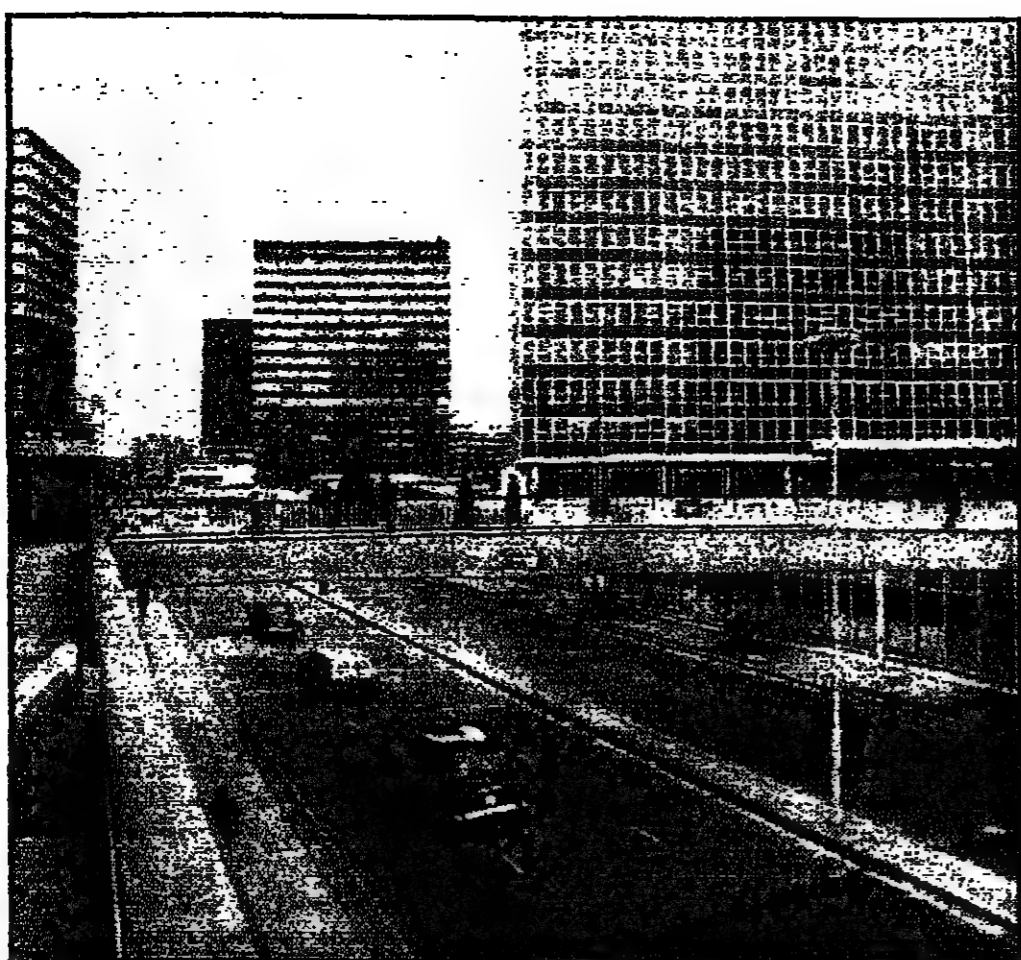
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## City of London Property 3

Profile: Lee House scheme

## A second try for approval



London Wall: dual carriageway bounded by windy walkways and office slabs.

London Wall

## Lessons of the 1960s

"LONDON WALL is a piece of town planning which we wouldn't like to repeat. In fact, we'd like it to disappear as soon as possible."

Michael Cassidy, chairman of the City of London Corporation's Planning and Communications Committee, reflected the urgency of the planners, developers and potential occupiers at the British Property Federation conference in Brighton last October.

The 1960s London Wall, between Moorgate and St Martin's le Grand, is an isolated stretch of dual carriageway bounded to the north by windy open walkways and out-of-date office slabs. They wanted to replace it with quality, style and a big increase in office space. They did not, however, bargain with the attitude taken by the residents of the Barbican, the concrete residential and cultural complex north of the patch of London Wall. The Barbican itself may be much criticised as a piece of architecture, but the people who live there have rights, and exercised them in opposition to MEPC's plans for Lee House.

The planners wanted each application decided by its own merits, with no master plan. They were soon faced with applications for 34m sq ft in seven buildings, one or two of which seemed to be in potential conflict with each other in the matter of the space they proposed to occupy.

The residents, among other things, wanted a development brief for this stretch of London Wall. They got a compromise. Rodney Petty, City partner of Weatherall Green & Smith, com-

ments that a "joint strategy" has been agreed.

This, he says, will aim to encourage communication between the City Corporation and prospective developers, and is described as being half way between a full development brief for London Wall and the planners' original "organic approach."

The seven proposals include Wimpey Property's 270,000 sq ft plan for Little Britain, west of St Martin's le Grand but arguably within the London Wall redevelopment.

Four of the proposed developments involve building across London Wall, between office blocks on either side. From west to east, these are: eno's London Wall, where Sir Lipton's Stanhope Securities would demolish the Plaisterers Hall and build 414,000 sq ft gross; the pundits expect opposing schemes from the Plaisterers Company, the Royal Bank of Canada and Marlborough Properties.

Lee House, which MEPC wants to replace. Royce House, where leaseholder Guardian Royal Exchange has a scheme, but the freeholder is Oldham Estates of Harry Hyman fame; and St. Alphage House, where Wimpey Property and Waters plan a link with Waters City Tower on Basinghall Street to produce City Plaza for 4m sq ft and an investment value of £150m.

That leaves two. At the eastern end, where Moor House now stands, Scottish Amicable went for 450,000 sq ft and got it. The City planning committee approved, but referred it to the

Court of Common Council because of its height. There will be 22 floors. However, the court voted unanimously in favour of the scheme.

Meanwhile, Royal London Mutual has revised its plans for Noble Street, to the east, where it wanted 550,000 sq ft on the sites of Shelley House, two British Telecom buildings and Pewterers Hall.

Rodney Pollard, property investment manager of Royal London, says that he attended a meeting called by the planners at which interested parties agreed to certain common objectives for London Wall. These mostly related to amenity and ensuring high design standards so that the problems created in the 1960s are not repeated. He says that he is very happy with the outcome.

Some commentators note the long-term nature of the London Wall plans. Charles Sanderson of Savills, proponents of the Canary Wharf scheme in London's Docklands, points out that the first London Wall redevelopment to be granted planning permission—Moor House—will not be due for completion until 1992.

"Five years is a long time to wait for a building when schemes like Canary Wharf will be ready before the end of the 1990s," he maintains. "Many of London Wall's buildings are multi-tenanted and this is the problem when moving out existing occupiers, which means that any redevelopment becomes a complicated, lengthy and sometimes expensive process."

William Cochrane

MEPC, THE UK's second biggest property company, had its £150m redevelopment plan for Lee House approved by the City planners last October. In November, the plans went before the City's Court of Common Council. They were narrowly rejected, by 57 votes to 56.

The court was worried about several aspects of the scheme: First, its bulk. The plan was to provide 630,000 sq ft in two buildings in an acutely-angled L-shape, bridging over both London Wall and Wood Street which runs south to Gresham Street.

Second, the scheme was felt to impinge on Guardian Royal Exchange's plans for Royce House to the west of Wood Street.

Third, the new building would adversely affect Barbican residents close by. And the Court wanted to consider a unified planning approach for all of this stretch of London Wall.

Subsequently, says Christopher Benson, MEPC managing director, the company joined with other potential developers in a meeting with City representatives, where guidelines incorporating 13 basic principles for the redevelopment of London Wall were agreed.

At the end of January MEPC submitted a new application amending the bulk of the building. Julian Barwick, joint manager of MEPC Developments, says the company accepted that

the Wood Street building had very broad shoulders—the west one impinging on the view from the Barbican and the east one seemingly close to Royce House.

MEPC trimmed slices off the west and east, removing 20 per cent of the gross floor area but losing very little of the 435,000 sq ft planned office content. The development has lost some elements, among them a lively hall—speculative, not planned for any particular user. Mr Barwick says—but retains others such as 20,000 sq ft-plus retailing space and the Barbican tourist office.

Other items include relocation of the service access from Wood Street to London Wall itself, removing potential conflict between commerce and the public; the design of the building has been made more restrained, but it is still post-modern and colourful.

Architect Terry Farrell designed this development after looking at all of London Wall for MEPC. The company, which inherited Lee House with its acquisition of English Property in 1985, agreed with the original concept for the area of linking the City core to the south with a cultural and residential base to the immediate north. It is scathing about how that concept was interpreted in the 1960s.

"London Wall has been its own divorce court," Mr Benson says. "The width of that roadway has isolated what should

have been an integral part of the City."

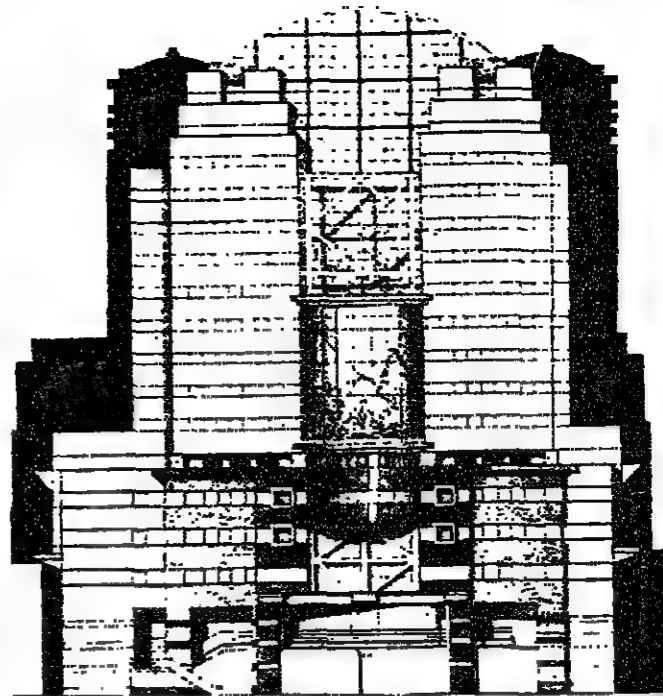
The pedestrian bridges over the dual carriageway are described as "puny," and with poor access from the south. Access to the new Lee House will be from an escalator in Wood Street.

The pubs and shops on the London Wall highwalk have never really worked, says the company, because they are all to the windy city. MEPC is bringing its retailing and catering under cover, and says that the full-scale redevelopment of the strip should be a great bonus for the part of this City.

The development team is still considering the use of explosives to demolish the old Lee House, a "first" in the City of London for a building of this type and size. The building would be imploded, or made to collapse inwards.

Mr Barwick points out that this was suggested by a Barbican resident in the first place, the intention being to avoid the dirt, noise and extended aggravation of conventional demolition. Mr Barwick has spoken to the Barbican Residents' Association already; there will be a public exhibition to counter reservations about this, or any other aspect of the proposed development. Now the company hopes for final approval of its scheme in March.

William Cochrane



The revised scheme for Lee House with the bulkier outline of the earlier scheme behind.

Fleet Street

## Key change in policies

THE COMBINATION of the change in the City Corporation's planning policies and the decision of newspaper management to move out of central London has opened up new tracts for redevelopment in the Fleet Street and Holborn area.

The key change in the planning policies was to specify a uniform 5:1 plot ratio throughout the City. This has coincided with the move of newspapers like the Daily Telegraph, the Sun and the News of the World to London Docklands.

In turn this has chimed in with the readiness of major financial institutions, often American, to move west out of the City of London core area, where the large open spaces they require are difficult, if not impossible, to find. The pressure on space in the City has meant that rental values in the district have increased, making it financially more realistic to contemplate major property investment schemes.

Dron and Wright, the surveyors, have noted that in the EC4 postal district which encompasses Fleet Street and parts of Holborn there are no units larger than 9,000 square feet available.

The current supply of offices in Holborn is at its lowest level since 1982, according to Debenham Tewson and Chinnocks' analysis. "The last quarter's total for demand and supply heightened the disparity between new supply and demand throughout 1986," the surveyors say. Rents which were about £20 a square foot at the beginning of

last year have shot up to more than £30.

Here then is an area undergoing rapid change and shifting from its traditional preoccupation not only with newspapers but with the fur trade, the professions and government departments.

Knight Frank and Rutley, the surveyors, says: "Our research indicates an average of approximately 750,000 square feet gross per annum until 1988, after which supply will be further uplifted when several of the larger sites are completed."

Such research deals with development schemes which can be recorded. But at this stage it is not possible to anticipate the extra amount of development which might ensue from the decision of British Rail to go underground with the rail link between Holborn Viaduct and Blackfriars station.

"There's a huge area over the top—perhaps another million square feet of space that two or three years ago nobody would have dreamt of," says Montagu Evans, another surveying practice active in the City.

One of the characteristics of the market has been the amount of space which has been pre-let or bought, even before a project is off the ground. This is an acknowledgement that the space situation is not likely to ease immediately and could even tighten this year.

"An unprecedented 66 per cent of total supply is already pre-let, showing that some organisations may enter into contractual arrangements two

years in advance of projected completion dates," Knight Frank and Rutley says.

Symptoms of the changes taking place is the amount of property changing hands. When the Daily Telegraph decided to move from Fleet Street, Goldman Sachs, the US investment bank, bought the freehold of the site from Rothessay Developments. Another US bank, Morgan Guaranty, had already bought the City of London Boys School site on Victoria Embankment, beside the Thames.

Mr Rupert Murdoch's News International group obtained planning permission for redevelopment of another site with a frontage on Fleet Street, where once the News of the World and The Sun had been, and then put the £30,000 square feet gross Whitefriars project on the market. Agents say that the level of demand for the sale by tender is strong.

Nearby, Land Securities has applied for planning permission to build 115,000 square feet of offices at Salisbury Court.

The scale of such potential office development will trigger off further changes, not least among them the improvement of Fleet Street and Holborn shopping facilities. This was a point made by Guardian Royal Exchange, the insurance group, which is becoming more aggressive in the property sector.

Paul Cheeseright



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## City of London Property 4

## Building techniques

## A rush on to letting agents' books

**SPEED, SPEED** and greater speed is the key to successful modern building in the City. Developers anxious to take advantage of the opportunities offered by the Big Bang want to see their expensively-financed offices rise out of the ground and on to the letting agents' books as quickly as possible.

And they have pushed contractors to achieve a series of new speed records and a performance which now matches the standards of the historically much faster-US construction industry.

For, while a survey in 1989 showed that the Americans put up their buildings 70 per cent faster than UK contractors, a similar survey conducted last year showed that the gap had in general closed to an 18 per cent difference, and that the fastest British builders now build as fast as the Americans.

Over the last frantic year, as projects estimated to be worth up to £1bn rise behind the scaffolding, net and hoardings bounding the City's streets, two contractors—John Laing and Bovis—have leapfrogged each other in the race to be Britain's fastest.

At the beginning of the year, Laing held the title for its work on the £100m first phase of London Bridge City, the office, shop and hospital development between the Tower of London and London Bridge. It is building for the Kuwaiti-owned St Martins Property group.

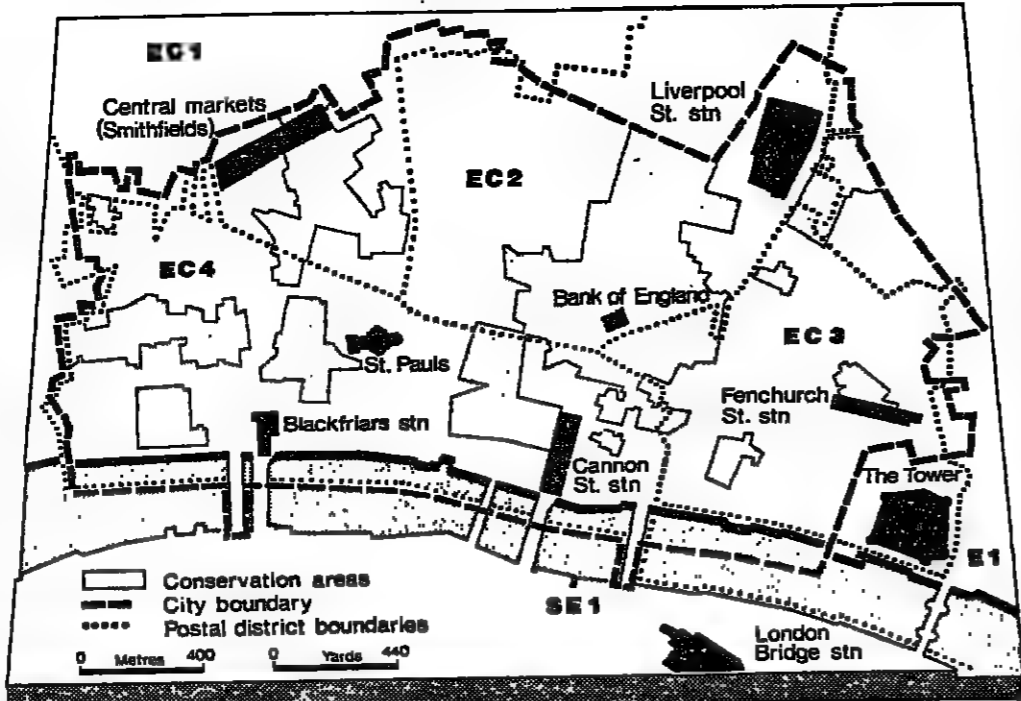
But by the middle of the summer, Laing had lost its title to Bovis, with its Broadgate development for Rosehaugh Stanhope.

The first phase of the £136m Broadgate project—which, with the adjacent Bishopsgate will total 4m sq ft when completed and make the largest development in the City since rebuilding after the Great Fire of London in 1666—shot out of the ground so quickly that the Prime Minister, Mrs Margaret Thatcher, had to honour her promise to inaugurate them if they were ready within a year.

She had promised Rosehaugh Stanhope's Mr Godfrey Bradman that if the buildings were ready within the time—a record for a project of that size, which would normally have taken two and a half years using more traditional methods—she would declare them open.

And so she did. Mrs Thatcher drove a crane to hoist the last section of flame-coloured marble into place exactly one year after she drove a digger to mark the start of work on the site building the 720,000 sq ft first phases.

But by October, Broadgate's contract director, Mr Ian MacPherson of Bovis, had already lost his fastest builder title to another Bovis contract: the



£150m Chelsea Harbour Thameside development the company is building for Town and City Properties.

The results of the fast building techniques used on these contracts are startling.

The tallest building on the Chelsea Harbour development, the 20-storey Beldere Tower, was topped out on October 10, less than six months after detailed planning permission was granted for the development on April 15.

The rate of construction on Chelsea Harbour made it the fastest job in the UK and probably in Europe. The contractors' record-breaking performance involved pouring half a million square feet of concrete in less than six months—twice the amount of the first phases of Broadgate and in half the time.

It also involved driving 1,000 piles and shifting a quarter of a million tonnes of earth—after which the first space was ready for marketing in less than half a year.

Modern fast building methods involved not just large contracts for the builder, but also fast returns for the client. The new-style contractors are expected to work with the client from the start in determining how to make his returns as large—and quick—as possible.

It is this practice of involving the builder in the key stages at the beginning of a project, and so overlapping design and construction, that more than anything else characterises the modern methods and helps speed construction, and the profit for the client.

Mr Frank Lampl, chairman of Bovis Construction, has a ready answer to the question of why it is important to build in weeks rather than months.

He believes that attitudes to building are changing, and that buildings are no longer seen as a lasting memorial to the architect or designer—or company chairman even—but as a short-term commodity which will rapidly become obsolete.

So, in short, buildings now have to be built faster because they become out of date faster. This point is borne out not just by the volume of contracts for refurbishing 1960s and 1970s offices to modern standards of cabling and air conditioning, but by the contracts to convert last year's prestige airy atriums to this year's money-spinning dealing floors.

Contractors are now expected not just to build fast, but also to "value engineer" their clients' projects for them.

Value engineering is, by Mr Lampl's definition, "an exercise which maximises cost efficiency of design and construction methods, taking into account the financial goals of the client."

The contractor has to look at the client's design and see, for example, how it can be built so as to increase the lettable area and maximise the income of the building.

He is also expected to evaluate different methods of construction according to their effects on both cost and speed of building, and take into account such factors as exchange rates when working with international clients.

Considerable savings can be made by such an approach. But key ingredients in the success of these modern fast building projects is for an entrepreneurial client to be involved—and, as already mentioned, for the contractor to be involved at the very earliest stages.

At the time Laing was appointed on London Bridge, for example, the design was still developing.

This meant that the construction manager could participate in design meetings, and advise on buildability and value engineering while the space planning and detailed design briefs were being developed. This helped to speed the con-

struction, and gave the client better value for money and a better quality building.

Laing persuaded the client, for example, to change to steel rather than concrete for part of the structure of the glass-arched Bay's Galleria which is a feature of the site. The change to steel reduced the weight of the structure and avoided the need for perimeter columns to support it. These would have added to the cost and decreased the lettable area.

Another key to faster building is the use of repetitive elements. The Cotton's building on the London Bridge site, for example, is clad with cream coloured aluminium and glass panels 6 metres wide and one storey high. These could be fastened on at a rate of up to 33 panels a day.

Construction on both Broadgate and London Bridge was also speeded up by using prefabricated units—such as complete toilet pods—wherever possible.

On Broadgate, the toilet pods were complete 12-tonne units containing washrooms fitted down to the last mirror, paper holder and granite washbasin surround, completely fabricated off site and lifted into position by crane.

Another aid to rapid completion is the decision to build offices only to the "shell and core" stage. This means that the tenant is not given a serviced decorated office on which he then spends a fortune as he takes it apart to meet his own requirements. Instead, he is given a shell with the services coming into it on which he can work from scratch.

Joan Gray



Ropemaker Place nears completion. The building is designed to be flexible in use.

## Living in the City

## Big Bang brings an end to the quiet life

SIX YEARS AGO, when I first moved into a tiny roof-top flat in Carter Lane as one of only three residents in the street, it seemed as though the area had hardly changed since the times when it was a short-cut for porters carrying casks of beer and loads of fish and vegetables to sell within the precincts of St Paul's Cathedral.

Barely a car's width wide, the lane is within the original wall that surrounded the city in Roman times. It makes eastwards from Blackfriars Lane through what until fairly recently used to be a lively neighbourhood of Victorian warehouses, publishers, and small shops.

Carter Lane, in fact, had hardly changed especially since it was one of the fortunate areas around St Paul's to escape devastation during the Blitz. Above all, it was quiet—with only the cathedral clock striking every quarter hour to break the silence once the thousands of commuters had gone home. And after the first night I did not even notice that.

And then came the run-up to Big Bang. A couple of years before the Great Day last October, the Dickensian atmosphere of Carter Lane changed—perhaps for ever.

I had failed to read the tiny notices posted on various buildings along the lane announcing that planning permissions were being sought. Naively, I thought that being in a conservation area meant that you could not knock down buildings.

How wrong I was. My little flat is now isolated by construction sites as building after building is pulled down and re-built.

Although many of the new offices are still unfinished, the existing ones have already been taken over by the City whizz-kids. The once-dowdy 18th century pub opposite, which used to be lucky to attract two men and a dog on a good night, has been refurbished by the brewery and now is crammed with loud young men wearing red braces.

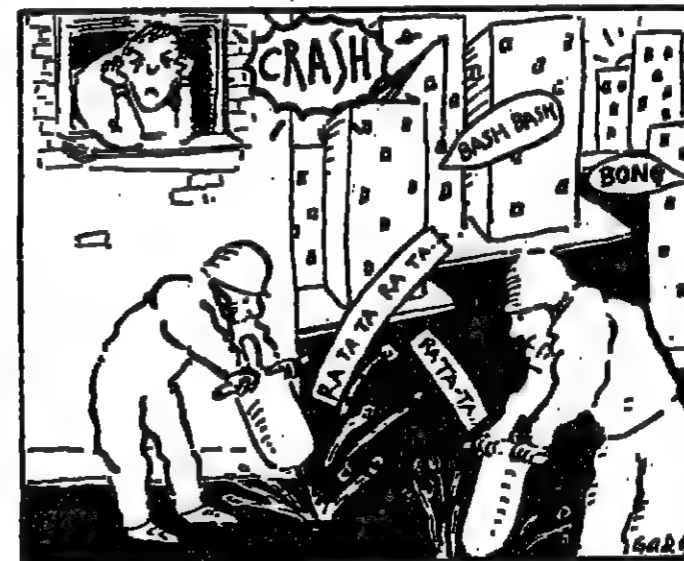
It is rebuilding like this which helps to explain why the City's residential population has dwindled so much.

In 1841, the City had some 123,000 residents. Its increasingly commercial raison d'être depleted the numbers over the next 100 years as offices replaced homes, shops and the other essentials a community needs to thrive.

By 1939 the numbers were down to around 9,000, and even fewer post-war before the construction of the huge Barbican estate in the 1960s and 70s. Now, however, the City's residential population is down to about 6,000, with approaching 5,000 of them living in the Barbican.

As most of its residents will freely admit, the Barbican is something of a wilderness despite the many cultural events such as concerts and exhibitions which are held there.

Though the people who live in its flats and lower penthouses find it convenient, if pricey, to live there if they work in the City or other parts of central London, the stark concrete architecture has created a residential environment lacking any soul. Many Barbican dwellers keep strictly to themselves, hardly being aware of who their immediate next-door neighbours are.



That is one of the problems of living in the City: what you gain in convenience from being able to walk to the office in a matter of minutes, you lose in the lack of real amenities.

Shopping generally is a problem for City residents. Lacking either a local Sainsbury's or Marks and Spencer, they increasingly are forced further and further afield—towards the West or East Ends—in order to find the sort of shops most people take for granted.

But the real difficulty for me is coping with the building work going on around. Although it is not supposed to start until seven or eight in the morning, according to City Corporation rules, in practice it can begin much earlier.

Last summer, for example, the building two doors away was torn down between six and eight o'clock in the morning over a period of three weeks. The early start was necessitated by site access, they claimed, and was duly apologetic about disturbing my slumber. (To be fair, the site manager did give me a bottle of sweet sherry at Christmas.)

That was not the only surprise. I realised that the premises immediately behind my flat were being rebuilt only when my television aerial disappeared and my bathroom window was smashed. "You mean you actually live here?" was the incredulous response when I had the temerity to complain.

But the weekday building work is the least of my worries; it is the weekends that are the worst. That is when the road diggers get to work, a direct consequence of the need to provide more drains and fibre-optic cables to cope with the influx of office workers.

The diggers often start at seven o'clock on a Friday night—when they believe everyone has gone home—and continue almost without stop until Monday morning. One recent Saturday morning I counted five separate road digging crews, each with a compressor and pneumatic drills.

Trying to find a way round them was a party of American tourists, who struggled to hear their guide's description of Carter Lane's illustrious heritage. I suspect that Carter Lane may soon disappear from the tourist itinerary.

The effect on the area can be easily imagined. While the pub has benefited, local shops are not doing so well. After struggling against the noise and dust the local convenience store—run by a Pakistani family—has recently given up the fight. Although sorely tempted at times to decamp to the leafy suburbs of Hackney or Clapham—or even the relative calm of the Barbican with its cultural advantages—I think I will stay and see it out.

The City of London is like any city: it has to change to survive. Living in the middle of change in such an area full of history as Carter Lane is worth putting up with all the hassle—and even the pub "hoorays"—isn't it?

David Churchill

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AT THE age of 47, Clive Gregory was at the height of his career. He was an executive with a leading electronics company and had a spacious house in the middle of London's "Green Belt," where he was able to celebrate his twenty-fifth wedding anniversary confident of success at work and happiness at home. Then one day he collapsed on the spot, course and from that moment on nothing was ever the same again.

He was taken to hospital where doctors diagnosed the virus Aids. It took him a week to get back to a night in New York some 18 months before when Clive and his colleagues had celebrated the signing of a deal by having sex with some tall girls in their hotel. The same colleagues now shunned Clive at his place of work. His company's managing director had him physically ejected by security guards when he tried to move temporarily back into his office. When Clive died 18 months later, the pallbearers refused to carry the coffin.

Clive's story, to be screened on prime time by ITV on March 9 is a work of fiction. However, the drama is likely to be taken seriously indeed for it highlights boldly for the first time an aspect of the Aids problem which in Britain has only recently started to become a subject of public discussion: the extent to which the spread of the disease is affecting attitudes at the workplace.

Two organisations which devote themselves to most aspects affecting the work place, the Industrial Society and Acas, the advisory and conciliation service, are now having to include the subject of Aids on their professional agenda alongside pay disputes and changes in working conditions. The Confederation of British Industry has meanwhile announced that it is considering holding a special conference on the subject. This is all in response to a growing number of inquiries they are receiving about the disease from employers and employees.

As from next month the Industrial Society will be making available to its 16,000 members, in management and the trade union movement, a video specifically aimed at generating group discussions about Aids. The initiative, jointly organised with Wellcome, the pharmaceuticals group which is at the forefront of current private research into a cure for the disease, stems from the belief that public education about Aids may now be as much an economic necessity as a social and political one. Already insurance companies are acting against applicants who are considered at risk from Aids. Most are including in their

## Why Aids is now on corporate agendas

BY JIMMY BURNS

proposal forms a specific question on Aids—on Aids-related conditions—and on blood tests. Some companies have gone further and are concentrating on one particular risk group—male homosexuals. They require all single males to undergo blood tests.

Over the last month two disclosures have provided the first hard evidence in the UK of high employers taking specific measures against recruits on the grounds that their work could be affected by Aids or that they could contribute to the spread of the disease at the workplace.

One was British Airways' admission that it would screen future applicants for jobs as pilots on the grounds that the Aids virus could affect concentration.

The other was Dan Air's attempted justification of its policy of employing only female cabin staff on the grounds of the alleged homosexuality of most male stewards. Although the company has withdrawn its case that male stewards present an Aids risk to colleagues and passengers, it has left a lingering suspicion that a large number of employers share that kind of prejudice.

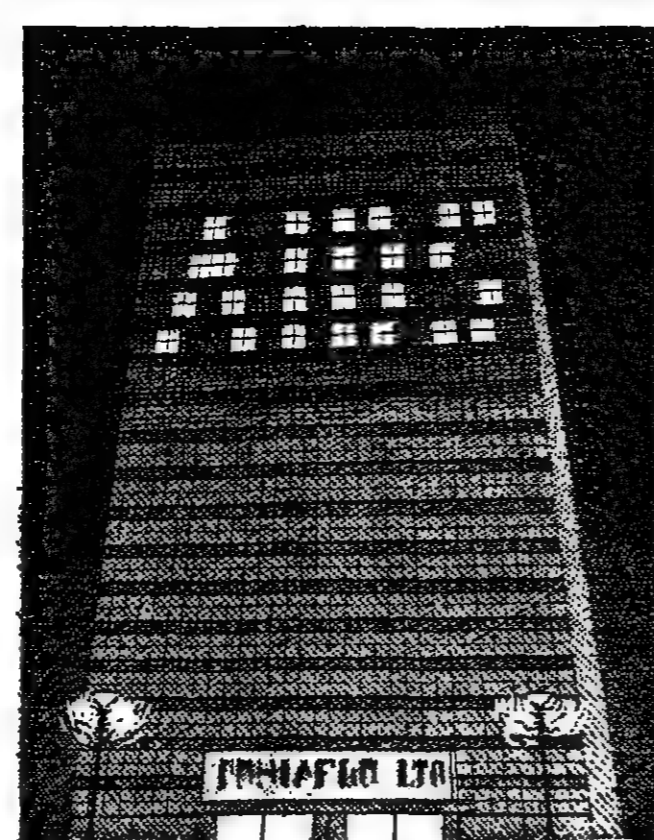
It was recently confirmed that Dan Air had rejected a male candidate for a job as steward because a blood test showed he was infected with the Aids virus. Both the Industrial Society and Acas have become involved in the Aids issue partly because there are now reports coming in of employees being isolated by their colleagues in some establishments and of tension between employees and employers because of the Aids scare. The society does not mince its words: "It has become a potential management problem for a lot of

companies," it says. Mainstream and insurance accounts of how the disease can be contracted has increased the potential for employment discrimination. The experience of the US and initial indications in the UK suggest that Aids could focus discrimination on homosexuals. Yet while in the US a number of local authorities have included Aids in existing anti-discrimination policies relating to handicaps or disabilities, no similar legislation exists in the UK.

British trade unions have increasingly issued guidance to their members on the medical issues related to Aids. Some unions such as the Confederation of Health Service Employees and the National and Local Government Officers' Association have specifically recognised the need to consider Aids as an employment discrimination and equal opportunities issue.

Until recently companies were generally reticent about openly discussing what, if anything, they were doing about Aids. Even now a number of personnel officers appear to feel that to do so would only run the risk of drawing public attention, panicking the workforce, and ultimately negatively affecting business.

However, there are signs of a more open attitude among employers which are concerned that continuing reluctance to discuss the subject either through ignorance or fear could prove counterproductive. The National Westminster Bank has been adopting such an attitude since last April when its senior medical officer, Dr David Murray-Bruce, wrote a lengthy article on the subject in the bank's house journal. The bank's policy towards the disease anticipated the Govern-



men's public stand on the issue by several months.

Murray-Bruce accepts that Aids has developed into a major public health hazard and that there is an important need to prevent further spread of infection by ensuring that people know how it is transmitted. But he sees the "clearing up of misunderstanding" as an crucial aspect of his job is advice on prevention.

Thus he agreed with the forward to the government's pamphlet, Aids and Employment, which states: "There is a need to rest groundless fears by providing the facts about Aids and to prevent discrimination against individuals. In most jobs there is little or no risk of being infected."

Although there is little or nothing that the majority of employers and employees need to do about Aids, the Bank—again mirroring the Government's instructions—does focus on first aid where the use of rubber gloves and protection of cuts is stressed.

So far, however, it has not introduced specialised pieces of equipment which make consultation possible without direct mouth-to-mouth contact. Network is now advising personnel on overseas assignments in Central and Eastern Africa—where there is a high incidence

of Aids—to return to England immediately if they have to undergo surgery or dental treatment because of the risks of contracting the disease in a blood transfusion.

Significantly, however, the bank is resisting screening of employees or potential recruits.

Launching the Government's guidelines in November, Kenneth Clarke, Paymaster General and Minister for Employment, stressed that being a virus carrier was no bar to working in the food preparation industry. Food contaminated with blood—for example from a cut—would always be discarded, but in any event the food could not be the vehicle for the disease.

McDonald's, the largest hamburger chain in the UK, has seen no need to change its normal health standards in the light of Aids and until earlier this month had not even asked for the Government's guidelines.

By contrast a recent case was reported in the north of England where a butcher's assistant was dismissed after being suspected of being an Aids carrier. Companies like PizzaHut with restaurants all over the country have adopted a pragmatic if cautious policy. The company has said that it was seeking expert medical advice on

occupational health and safety to include Aids and had circulated all staff re-emphasising the need to maintain high standards of cleanliness and hygiene in the handling of food.

British Rail is among a group of companies, health services, and unions to have produced more clearly defined policies on Aids. BR's own leaflet to employees goes further than the Department of Employment's in giving direct advice to workers who are aware that a colleague is either a virus carrier or has developed one of the associated diseases. It urges care and consideration, stresses the absence of danger in normal circumstances, but also emphasises the need for special care in an accident on or near a railway line and the clearing up of railway sites which have been used by intravenous drug addicts.

Another interesting case study is Manchester City Council. Its official guidelines include a specific undertaking that any case of confirmed Aids is a disciplinary offence. No applicant will be required to take the test for HIV nor will the council require anyone who knows him or herself to be an Aids sufferer or a virus carrier to inform the council.

While accepting the preponderance of Aids among homosexual men, it also states its intention to ensure that there is no discrimination in employment practices because of the disease.

In the coming months an increasing number of institutions may feel that they are being forced to screen employees and thus to discriminate once results are known.

In the meantime, however, every effort is being made by institutions like the Industrial Society and Acas to drive home some of the key points in the Government pamphlet in the hope that understanding will increase tolerance.

The key message which is likely to be put to the test is that employees have statutory rights against unfair dismissal. For some employers already seem to be arguing that the continued employment of a suspected Aids carrier can be considered against the company's or the public interest.

In the US Dr Everett Koop, the surgeon general, has warned that panic will take over the workplace if employers continue to implement screening under the guise of a routine physical examination. "The stigma that goes with this (Aids) diagnosis is such that people are shunned. They are assumed to be part of another race." It remains to be seen to what extent such a scenario could be repeated in the UK.

## Society and the company report

BY MICHAEL SKAPINKER

BRITISH TELECOM'S most recent annual report devotes three pages to an account of its contribution to the community. That is more than appears in most annual reports. It is also far more than UK law requires.

The report includes details of the number of managers on secondment to local enterprise agencies, its provision for disabled phone users and its participation in the development of educational materials.

The law requires little more than that companies employing more than 250 people disclose in their director's report what steps they have taken to encourage employee involvement in company affairs through, for example, consultative arrangements or participation in share schemes; what charitable gifts they have made in excess of £200; and what their policy is on employment and training of the disabled.

The law does not require any statement on how much has been spent on training the workforce as a whole, nor on how much money has been allocated to avoiding or repairing environmental damage, nor on how many consumer complaints have been received or how much repair work has been carried out under warranty.

Whether companies should be required to give details of their contribution to the welfare of the wider community generally depends, as a new book on the subject points out, on one's political outlook.

At the one extreme, the monetarist economist Milton Friedman has written that "few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible."

On the other side are organisations like Counter Information Services, which has produced "anti-reports" on companies like RTZ and Consolidated Goldfields. CIS has as its aim "providing information for workers engaged in specific struggles." The book's three authors, who teach accountancy at British universities, "have no unqual-

ified admiration for the status quo in society. Nevertheless, they take a reformist rather than revolutionary view and advocate the sort of company disclosure which takes account of the interests of a wide range of parties: shareholders, employees, consumers and society as a whole.

They have written a comprehensive, if somewhat wordy, survey of what they call Corporate Social Reporting, looking at law and practice in various European countries and in the US, where companies appear to provide far more information on matters like energy conservation and support for minority business than British companies do.

They look, too, at the history of attempts to increase the level of reporting on social issues in the UK, focusing particularly on The Corporate Report, written in the 1970s by a working party set up by the Accounting Standards Steering Committee. The Corporate Report recommended, among other things, that company reports should contain a statement of value added (sales income minus materials and services purchased). This, the working party thought, would help to show how the added value had been used to pay those who contributed to its creation and would make apparent the interdependence of profit, wages, dividends, interest and funds for new investment.

The authors do not regard the current political climate as conducive to any extension of corporate social reporting, but one wonders if they are not being too pessimistic. Inner-city riots have persuaded some corporate minds of the folly of ignoring concerns of the wider community and this has resulted in the establishment of organisations like Business in the Community.

The view that British companies do not spend nearly enough on training is also gaining ground. A proposal that companies detail such expenditure in their annual reports might attract wider support than the authors would expect. \*Corporate Social Reporting: Accounting and Accountability, by Rob Gray, Dave Owen and Keith Maunders. Published by Prentice-Hall International.

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## Technology in the Securities Markets

Hotel Intercontinental London  
8 & 9 April, 1987

The Big Bang in the London Stock Market last year focused attention on the extent to which the securities industry depends on technology. The systems now in place are only a first step towards automation in stock dealing. In the next few years profound changes are expected and it is to review the next phase that the Financial Times is arranging a second conference on technology in the Securities Markets. The meeting will be chaired by Mr Patrick Midford-Slade, Chairman of the Information Services Board, The Stock Exchange and Mr Ian Steers, Vice Chairman, Wood Gundy Inc.

The speakers include:  
Mr Richard Lawson, Deputy Chairman, The Securities Association  
Mr Gordon Pepper, Director and Senior Advisor, National Mortgage  
Mr Paul Coombes, Principal, Midway & Company, Inc.  
Mr George Hayter, Divisional Director of Information Services, The Stock Exchange  
Mr Michael Jenkins, Chief Executive, The London International Financial Futures Exchange  
Mr Ian McGaw, Group Managing Director, International Securities Clearing House Limited  
Mr Michael Baker, Director of Research, Investment Services, The Stock Exchange  
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Mr John Hewitt, Head of Global Securities, Southampton Victoria & Co Ltd

## Technology in the Securities Markets

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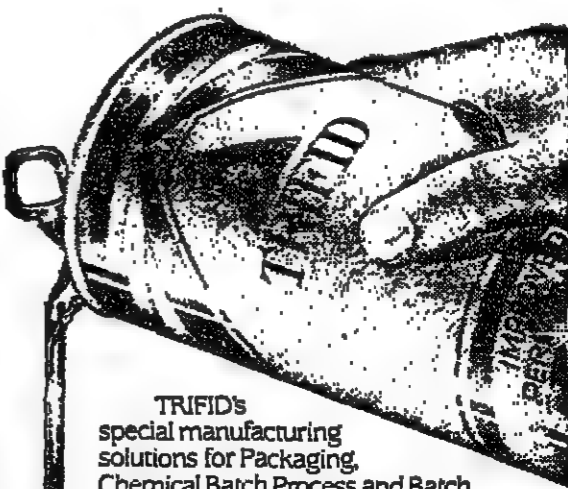
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Friday February 27 1987

# The weakened presidency

"The President," says the Tower Commission of the whole Iranian arms imbroglio, did not seem to be aware of the way in which the operation was implemented and the full consequences of US participation.

Under any circumstances, this would be a damning indictment of the man elected to exercise the duties of the most powerful office in the free world. But it is also instructive. For it makes it quite plain that for the next 22 months the governance of the US and the consequent responses of its friends and foes around the world must be conditioned by the reality of a gravely weakened President.

## Heir apparent

It would make little real difference, and do little real harm, if President Reagan were to step aside. His constitutional heir apparent, Vice President George Bush, seems so anxious for the White House himself as to be incapable of bringing to bear the calming influence exerted by President Ford in the immediate aftermath of Watergate.

The Ford interregnum does hold lessons for Washington today. His Administration was notable for the quality, and independence, of its senior members. Under Dr Henry Kissinger, arms control with the Soviet Union was prosecuted; with Dr Arthur Burns at the Federal Reserve and a talented Treasury the economy was steered through the 1973-74 recession; the allies were reasonably nurtured, with the first of the summits in 1975 and with it, it should not be forgotten, Britain assisted in securing its loan from the International Monetary Fund.

Washington today is not devoid of comparable talent, even though two of its leading lights, the Secretaries of State and Defence, have both in effect been censured by the Tower Commission. The danger is in neglecting their responsibilities to advise the President. If Mr Shultz and Mr Weinberger could raise their heads above the parapets and look beyond their narrow briefs, sensible arms control negotiations are not beyond reach. Certainly there will be plenty of encouragement

from a Democratic controlled Congress to this end.

Nor, the trade and budgetary deficits apart, is the economy in bad shape or bad hands, with Mr James Baker at the Treasury and Mr Paul Volcker at the Fed (surely a halt must be called to the right wing sniping against Mr Volcker). It matters, too, that the initial signs are that this is a capable Democratic leadership on Capitol Hill on such critical subjects as trade, taxes, and the budget.

It certainly helps the diffusion of power to more responsible quarters to have the White House cleaned out. Not all those now departing are tainted with Irangate; many are the hardline ideologues who had made the prosecution of sensible policies so fraught with difficulties. Some once august executive offices, such as the Council of Economic Advisers, had in any case already been reduced to near irrelevance.

## Policy issues

The allies need to take account of this change in Washington. On the major foreign policy issues of the day, it is time that Mrs Margaret Thatcher and Mr Helmut Kohl ceased acting like Presidential moons and started generating some independent light of their own. Their choice is to continue to sustain President Reagan at all costs, as they did, for example, at last year's Tokyo economic summit, or to address some of the genuine policy issues in which Mr Reagan's known interest is chronic (debt, for example, or the Gulf war). Mr Neil Kinnock would be better advised to spend more time in Washington on Pennsylvania Avenue next month. Mr Thatcher's goals might better be served by negotiations in Geneva than in another summit with President Reagan.

Accustomed, as all had been under President Reagan, to the illusion of a strong presidency, it will not be easy to pursue business as usual in Washington. But the adjustment must be made. Only some unforeseeable external intervention seems able to restore Mr Reagan's leadership and if he is not holding the fort, then others must fill his shoes.

# The politics of Mr Gandhi

THE FACT that Mr Rajiv Gandhi, Prime Minister of India, has chosen to make the annual budget speech himself tomorrow says more about his own situation than about the state of the economy.

Prime Ministers usually leave the budget speech together with the budget arithmetic to their finance ministers. Mr Gandhi does not have one, having shifted the popular and respected Mr V. P. Singh to Defence earlier this month in the latest of a string of Cabinet changes.

Tomorrow's Budget is the least of Mr Gandhi's worries. Within his economic strategy of fiscal neutrality the Prime Minister is likely to court popularity by giving a little here to the poor and clawing back a little there from the rich, throwing in a bit more much-needed economic liberalisation. The economy seems generally to be in reasonable shape, although there are some gathering clouds including the level of foreign debt and signs that the improving trade balance owes more to lower oil prices and better terms of trade than to heavy manufacturing exports which continue to underperform.

There has been progress in some areas such as leather and garments.

Reasserting authority

It is in political terms that Mr Gandhi is beginning to look as if he has no sense of direction, a perception which has been gathering force for some time within India. Budget day is as good a day as any for him to reassert his authority and show that he knows not only where he is going but also, for the first time, how he is going to get there.

Mr Gandhi had a marvellous first year in 1985. He was thrust unexpectedly into high office by the assassination of his mother. He had the goodwill of the people behind him as he vowed to pull the country out of that dark hour into a new period of reform and progress. His economic liberalisation programme was acclaimed at home and abroad. He seemed to be making progress with some of India's intractable regional problems in the Punjab and Assam. He was looking for solutions to the problems in neighbouring countries like Sri Lanka and seemed on the threshold of a new relation-

## Wide varieties

This is not to say his plans were misconceived. But his lack of political and administrative experience left him wrong-footed. Instead of surrounding himself with "wise men" Mr Gandhi distanced himself with increasing petulance from men of experience. He works excessively long hours, denying himself time to stand back, think and plan strategy.

His is an unenviable task. He has the world's largest democracy of 740m people — a third living below the poverty line — made up of a wide variety of religions, castes and races. He inherited an enormous bureaucracy which is corrupt, not always efficient and resistant to change. He may have promised too much and expected change too quickly, but public slight of senior civil servants are unlikely to engender the spirit of co-operation needed to bring such a civil service behind his desire for reform.

Ideally, Mr Gandhi's speech tomorrow should be more than the verbal construction of a fiscal jigsaw puzzle. He needs to reassert himself. He will have to persuade his party that he understands the political game in advance of next month's important state elections.

His position is not in danger, but his authority is. His leadership of country and party is secure. Some progress has been made in tackling deep-seated economic and political problems. Mr Gandhi has to show that he can preside over another leap forward.

## THE UK WORKFORCE

# Flowering of the fringe

By Charles Leadbeater

A TRANSFORMATION is taking place in the shape of the UK workforce. The predominance of secure full-time jobs is giving way under pressure of high unemployment, weakened trade unions, rising female employment and removal of labour market restrictions, yielding a fluid mixture, which includes temporary workers and those who work part-time, at home or for the week.

By 1985, one in three of those in employment were flexible workers. According to national estimates published by the Department of Employment earlier this month, numbers of flexible workers rose by 10 per cent to 8.1m between 1981 and 1985 while the permanent total fell by 6 per cent to 15.6m.

Underlying the figures is a fundamental shift in employment patterns over the past few years, some firms which survived the recession by shedding full-time workers are now returning to growth by taking on temporary or part-time workers.

A recent study of future employment trends by the University of Warwick suggests that the number in full-time employment will fall by a further 1m over the next four years, while the flexible category will rise by 900,000.

The shift has created a new tension in the labour market and a challenge for policy makers, companies and trade unions.

As the Organisation for Economic Co-operation and Development put it in a report last year: "Both security and flexibility are desirable. The practical question is how one can strike a balance between acceptable job security and necessary labour market flexibility."

Employers have traditionally used flexible workers to cover seasonal demand. But studies by the Institute of Manpower Studies show that, since the recession, many companies have taken a fresh approach.

The use of flexible workers enables employers to save on non-wage costs such as sick pay, holiday pay and pensions. For instance, at Excel Wound Components in Essex, which operates a temporary employment register with the co-operation of the electricals union EETPU, temporary workers do not qualify for incentive bonuses, holiday pay or pensions.

Another advantage is that the labour supply can be more finely matched to demand from customers. Barclays Bank and W. H. Smith, the retailers, are among companies which use

part-timers to cover busy periods during the day.

Operating with a flexible fringe of workers can also benefit full-time permanent employees. Unions at GR Stein Refractories, in Yorkshire and Scotland, have agreed to the introduction of temporary workers as long as they are the first to be laid off during a downturn.

Mr Alec Kokinis, the company's personnel director, says: "We operate in an export market with tight delivery times and a variable flow of work. Using more temporary workers has made us more efficient and more responsive. There really was no alternative to this kind of arrangement."

Flexible employment can also benefit those involved. For example, Computer program-

the largest UK union, which yesterday launched a national campaign to recruit temporary workers. The union plans to renegotiate agreements to win pro rata benefits for flexible workers compared with full-timers. "A new employment pattern is emerging. We either accommodate it or we suffer by it," says Mr Bill Morris, deputy general secretary.

But perhaps the most novel idea has come from the National Union of Seamen. It is considering establishing a union-administered employment agency to compete with the private manning agencies supplying crews to foreign-registered ships.

Yet while interest in organising peripheral workers is growing, the unions will have to overcome substantial obstacles.

The decision to organise temporary workers has implications for the unions' wider approach to economic and social policy. Can they still be a major force arguing for full employment with permanent jobs while exploiting the shift in working patterns?

They will have to balance the investment of effort in recruiting flexible workers against the claims of members with permanent jobs.

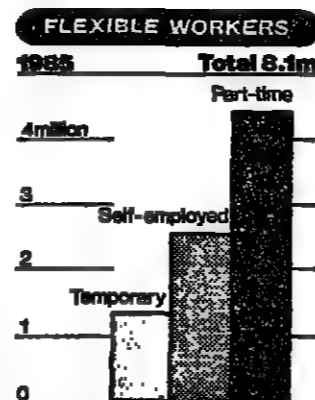
The former group's hours can easily be filled so they are often used to absorb shocks and thereby protect established workers. There may be a conflict between maintaining the security of the core and winning greater security for the periphery.

More than 60 per cent of flexible workers are female, according to Department of Employment figures. While the number of full-time women workers grew by 55,000 between 1983 and 1985 to 4.5m, they were for the first time outnumbered by female flexible workers at 5m.

Proving that women workers have something to gain from male-dominated trade unions will require novel moves.

"For unions to fully recognise that flexible work is essentially to do with women's work will mean taking up issues like the provision of child care facilities and women's rights to return to work after having a child—not the traditional bread and butter of union work," says Mr Tess Woodcraft, of the National Association of Local Government Officers (NALGO).

But there is a limit to how much collective bargaining can achieve without a supportive legal framework. As the campaign for a new approach to employment law, Labour law has traditionally categorised workers as either employees or self-employed, with the latter



virtually excluded.

That this was the correct priority for labour law in the 1980s was unquestioned. But now there is an enormous grey area in the labour market. Most flexible workers are clearly not self-employed; they are economically dependent on an employer. But they are not legally defined as employees," says Mr Robert Simpson, lecturer in labour law at the London School of Economics.

Recent case law has added to the confusion. An industrial tribunal in 1983 ruled that a regular casual worker who had worked solely for Trusthouse Forte for a long period, always attending for duty when summoned, was considered self-employed. The following year the Court of Appeal recognised the economic and social dependence of garment home-workers on an employer.

Some companies, such as KP Foods, have been able to combine flexibility with security. In 1980 the company halted recruitment of staff to work a 40-hour week. Only 10 per cent of the 1,500 production workers now work full-time, the majority work about 25 hours a week.

The company negotiated the changes in the wake of a large investment. Mr Brian Parish, industrial relations manager, describes the benefits: "Much lower turnover has been cut, labour productivity is up, absenteeism is down and we have cut back on expensive overtime payments."

Part-timers get pro rata rates of pay, sick pay, holiday pay and pension entitlements. "Most importantly, while redundancy was a threat in the late seventies, it is not something that comes into our minds now," says Mr Parish.

However many employers are likely to fear that union bargaining will lead to higher costs. "Jobs in the periphery are probably needed to become more attractive to employees in terms of stability, pay, benefits and prospects. But any moves in that direction are likely, by definition, to make them less attractive to employers," says Mr Chris Curson, personnel manager of the South-Eastern Electricity Board.

This points up the central conflict in the debate about flexible workers, the marginal value of flexible workers to companies may not match an acceptable standard of living.

One solution might be to raise marginal workers' productivity through training. But few companies believe they have an obligation to train occasional workers.

A possible way forward might be to organise temporary workers not through trade unions, but through a commercial collective, a kind of employment agency which has an interest in improving their earnings.

The temporary worker agency, Manpower UK, for instance, trains secretaries to use data processors, keeping pace with changing technology to update their skills.

If the shift to flexible employment is permanent, employers

may not be able to ignore training. "We are worried that with half the firm's workers in the building industry self-employed, they may not invest enough in retraining. The skills stock of the industry may well fall as a result," says Mr John Turner, past president of the Building Employers' Confederation, which is exploring ways to increase training for the self-employed.

Trade unions argue that there should be a statutory minimum wage, a policy adopted last year by the TUC. Others argue that, with flexible workers moving in and out of employment, the focus should be on the provision of a minimum income through a mix of wages and social security payments.

The Basic Income Research Group, a UK-based lobby group, which claims cross-party support throughout Europe, argues that the variability of wages faced by peripheral workers should be overcome by paying all citizens a basic income or social dividend.

Though it may be unfamiliar territory for companies, they will be drawn into the debate over these charges through the industrial activities of the unions and through social concerns prompted by the shift in the workforce.

Sir Adrian Cadbury, chairman of Cadbury Schweppes, says: "While flexibility is attractive for both employers and many employees, we have to be careful that we are not creating a major division in society between insiders and outsiders."

## The stir over British Sugar

Everyone who watched the contest for control of British Sugar, which came to a halt on Wednesday when the Government blocked bids by Tate & Lyle and Ferruzzi, knew there was more going on than met the eye. Any transaction involving a highly competitive trader Ephraim Margulies, chairman of S and W Berisford, British Sugar's parent, and a group of extremely secretive Italian businessmen, was hardly likely to be conducted entirely in the open.

The full extent of the wheeling and dealing involved has now come to light. The Monopolies Commission report, which persuaded Trade and Industry Secretary Paul Channon to use his veto, describes an extraordinary game of musical chairs between 1983 and last year.

First, an indecently short time after Berisford acquired British Sugar in 1983, Ferruzzi approached Margulies to discuss "co-operation".

Then, in the summer of 1985, Tate and Berisford informally discussed a possible merger of their UK sugar refining operations. Soon after, the ever-acquisitive Hillsdown Holdings indicated its interest in buying the UK beet monopoly. Tate decided it wanted to buy British Sugar outright, and so did Ferruzzi, which got into detailed discussions with Margulies. The deal the two sides worked out started to unravel, the report says, as a result of a leak to the Financial Times exactly a year ago.

At this point, the story becomes almost too Machiavellian to be true. Meetings took place between Ferruzzi and Tate, and between Hillsdown and Tate, with a view to working out some kind of joint arrangement for getting control of British Sugar, or setting up a merger between Hillsdown and Tate.

Tate claims Ferruzzi proposed they should act in concert to buy Hillsdown's holdings in Berisford, split the shares between them, and then control the company together. Fer-

rucci denies having made any such proposal.

Then Hillsdown and Ferruzzi clubbed together to consider acquiring Berisford, with the result that Ferruzzi stood aside and allowed Hillsdown "a clear run" in bidding for Berisford.

The rest is history: bids by all three companies were eventually referred to the Monopolies Commission; Hillsdown withdrew; and the others were blocked.

Yet there may still be some life in the game. Permy any two of the five companies involved and you come up with the tantalising possibility of Hillsdown trying for British Sugar again.

## Italian Job

The Treasury has gone on the offensive against Italian grumbles about the fairness of Britain's place at the top table of Western economic powers—the Group of Five—and its own exclusion.

Treasury officials are rattled by talk that Italy's economy has now overtaken Britain's. They have launched a pre-emptive strike against any propaganda campaign along those lines that might emerge in the wake of Italy's dramatic talk-out from last weekend's talks in Paris.

The attack has taken the form of a flurry of anxious telephone calls to journalists. The officials have been at pains to remind them of a recent parliamentary written answer.

It quoted figures compiled by the Organisation for Economic Co-operation and Development which show that Britain's gross domestic product per head of population is still ahead of Italy's on a purchasing power basis.

## Men and Matters



"Guinness always takes a long time to settle down Inspector"

However, using current exchange rates, Italy's economy is now bigger than Britain's. Perhaps it is such niceties that have prompted the Treasury to indulge in a bid of propaganda itself.

## Work a change

Things have got even tougher in Hungary for the workers since I reported a couple of weeks ago on the new laws allowing management to shed staff in the interests of efficiency.

Now the government has introduced measures to tighten labour discipline, saying its laxity has contributed to the worsening economic situation.

Workers may now be dismissed for being absent without work for three days without good cause, and permission to leave their place of work may

only be given in exceptional cases. Shopping on company time has been a national pastime.

More than a quarter of working hours in Hungary are lost because of absences, tardiness and idling on the job. Under the new measures, reporting late for work will be dealt with more severely and persons lucky enough to get special permits to leave their work will not be paid for the lost time.

Though many Hungarians take it easy at their main jobs, they work like beavers afterwards at their paid jobs in the "second economy." Two out of five work more than 12 hours a day.

While it gets tougher with workers at home, the government is encouraging Hungarians living and working in the West to return to spend the hard currency they have earned on holidays and retirement in their native country. Foreigners cannot own property in Hungary but the government has indicated that expatriates will be allowed to lease property in the interests of "maintaining close ties" with them.

## No link

Britain's largest union, the Transport and General Workers, yesterday launched at the Wembley conference centre in London its new link-up campaign to try to unionise part-time and temporary employees.

One of the speeches was on using the media in the campaign. Needless to say, it was made at the afternoon session which was closed to press and television.

## Beyond our ken

Overheard on a London commuter train—First girl: "I'm audio taping at the moment. The trouble is that I'm not sure what he's saying, he's got such an odd accent."

Second girl: "Is he English?" First girl: "No he isn't. He comes from Newcastle."

Observer

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## POLITICS TODAY

## Hazards of a hung parliament

THE PARLIAMENTARY by-election in the London borough of Greenwich yesterday was an important reminder of the underlying fight in British politics: who is to be the second force, and possibly the successor in government, to the Conservative Party sometime in the early 1990s? Is it to be the Labour Party or the Alliance of Liberals and Social Democrats, or even some new coalition of anti-Tory forces?

This article assumes that the Conservatives will win a general election this year quite comfortably and that the interesting political question is what happens after that.

Not everyone accepts that assumption, however, and there are some who believe the Alliance would like the election to result in a hung parliament, leading to the introduction of proportional representation. This, the thought goes, would be "A GOOD THING".

I beg to differ. The two, or better still the two-and-a-half party system suits Britain's needs and the disruption caused by trying to bring in PR would not be worth the effort. I have nothing against PR as such; in other countries it seems to work rather well. The argument is against seeking to impose it on the British system and the belief that it would somehow cure Britain's ills.

Let us suppose that there is a hung parliament after a general election this year. The first result, dwarfing almost everything else, would be a sterling crash. Even at the most stable of times, the pound is subject to sudden upsets. It is not nearly strong enough to stand up to prolonged political uncertainty.

Yet the Alliance, holding the balance of power, would propose that normal politics come to a standstill while the parties agree on a form of PR, enact it, then hold fresh elections which would themselves carry the possibility of still more uncertainty.

It is not even as simple as that. The Alliance would only suppose that it held the balance of power between Tories and Labour. Yet it is perfectly possible that the two big parties could vote together to stop the Alliance. The Tories would not want to have a say in any political bargaining. Are they to be pandering to the Tories for their political support? For instance, by supporting the Anglo-Irish Agreement?



Reflecting a national battle: Labour's Desirée Wood (left) and the SDP's Rosie Barnes (right) with (inset) their leaders, Neil Kinnock and David Owen.

Not least, parliament is notoriously unpredictable when it comes to constitutional bills. What is put before the Commons in the first place is not the same as what comes out in the end. It is the out at all. There are backbench MPs who slip in amendments and raise endless points of order. There is also the possibility of a cross-party alliance like that between Mr Michael Foot and Mr Kenneth

Happily, on my estimate of the outcome of the election, it will not happen, but I hope that I have shown that it would be a recipe for chaos if it did. Yet there is obviously a problem in British politics. It is that so long as there is a divided opposition the Tories have a pretty good chance of going on winning.

Either Labour and the Alliance have to find some way of coming together or they will

of Tory rule until Labour emerges as the main challenger. The Liberals became the "bit" party, but not a wholly negligible force, as their successes in by-elections and local elections from the late 1950s were to show.

What I thought we were witnessing in the early 1980s was a similar process: Labour was on its way down, having done many of the things it set out to achieve—such as the

By Malcolm Rutherford

Powell which stopped the House of Lords reform in the 1960s. And it was the unsuccessful attempt to introduce devolution in Scotland and Wales that wasted so much parliamentary time in the late 1970s.

There is the House of Lords itself. Is it really possible to bring in major reform in the voting system to the Commons while leaving the other places untouched? MPs would be jumping up and down demanding an entire constitutional package—not a bad thing in itself, but something quite different from imposing PR because parliament is hung.

have to continue slugging it out between themselves until an emerges on top.

The defence of the two-and-a-half party system does not mean that it should always be the same two parties. After all, in the early years of this century it was Labour that was the "bit" party. The two big parties were the Liberals and the Conservatives and for a time it seemed that it might be the Conservatives who would go under as Labour steadily increased its support.

In fact, it was the Liberals who split and almost faded out. There was then a long period

introduction of the welfare state—while the Alliance was on its way up. Labour would become a marginal force, like the French Communist Party, and the Alliance would become the alternative government.

That may still be true eventually, but one is no longer so sure. Mr Neil Kinnock as leader has done enough to halt if not fully reverse what looked like his party's inexorable decline. At the same time, the Alliance has shown weaknesses of its own: for example, in its internal disagreements over defence policy. Even its rhetoric has been scaled down. It no longer

claims to be a force whose time has come. It wants only to change the voting system in a hung parliament, then see what happens.

If my assumption about a comfortable (say, something over 50 seats) Tory win in the general election is correct, then all the opposition parties will have to think very seriously about the future.

It would be imprudent to predict what the Labour Party will do though the question that Cabinet ministers are asking is: what will be the role of Mr John Smith, the shadow Trade and Industry Secretary, who scares the Government silly by the excellence of his performances in the Commons and by the general moderation of his views?

It could go either way. The left could say that Mr Kinnock betrayed his class and party by not offering full-blooded socialism. Or the centre and right could fight back and say that the party has still not adapted enough to the requirements of the late twentieth century.

The Alliance too, would have problems. It is not certain that Mr David Steel, the Liberal leader, who has devoted his political life to the search for realignment, would stay if he thought that it was still over the horizon.

There is the question of the merger between the Liberals and the Social Democrats. Perhaps with hindsight it should have taken place earlier. It is still by no means certain that Dr David Owen, the SDP leader, will want it, even after the election, and a lot of young Liberals might not want it at all. They might prefer to make overtures to the Labour Party, and the Labour leadership would be exceptionally foolish not to make overtures to them.

Post-election opposition politics therefore could be very fluid. The aim, however, should be clear. It is not to change the voting system, but to find an alternative party of government to the Tories.

All big political parties are by their nature coalitions, including the Conservatives. The American example shows, and the British has shown in the past, it is perfectly possible to accommodate two broad strands of views within a two-party system and for the majority of the electorate not to feel that they are under-represented. The problem in Britain today is to find the second party. It could be with us for some time yet.

## Europe should pick up the global habit

WHY IS IT that the heart sinks at the sight of the pamphlet entitled, Europe and the Global Crisis: a first exploration of Europe's potential contribution to world order? I suppose it is the sheer generality and abstractness of the concepts involved.

"Europe" is the word in the title that comes nearest to denoting something specific and even that sounds woolly and tedious to a British ear. "Crisis" no longer seems very alarming: there is always a crisis of some sort, and "the Global Crisis" whatever it may be, is obviously far too general and permanent to interfere with one's plans for next weekend. As for "world order," it is well known to exist only in the dreadful make-believe world of United Nations seminars and Unesco working-papers.

So the chances that the pamphlet, published last week and written by that unshamed veteran Europhile, Mr Christopher Layton, will be widely read and debated do not seem at all good.

That is a pity because the issues dealt with in these 70 pages are those everyone should want to read about. They may not affect next weekend but they will certainly affect the next century (now only 14 years away).

In fact, they are things which FT readers can read about, separately and in detail, almost every day. Wild exchange rates, debt and poverty, desertification, disappearance of tropical rain forests, energy conservation, the arms race, arms exports to the Third World, and a more united and self-reliant Europe and security policy, are hardly unfamiliar concepts. Yet when Mr Layton suggests, not only that they are all inter-related, but that the world needs a coherent programme and an appropriate set of institutions for dealing with them, and that Europe should play a leading role in working out the former and setting up the latter, he has written himself off in the eyes of most serious-minded people as a utopian nutcase.

But even if he is half right—if there is an appreciable risk that the continuation of present trends will inflict on the whole planet one or more of a lurid range of disasters from world-wide slump to nuclear winter—then, surely, the very reluctance of the educated and supposedly sophisticated public to approach these problems in global terms becomes itself the

most alarming symptom of the crisis.

For, in truth, none of these problems is technically insoluble. All are man-made and all could be dealt with by modifications of human behaviour: in other words they are political problems. What is so worrying is that modern man, while ready to treat almost any technical problem as an exciting challenge, seems to relapse into apathy and cynicism as soon as something requires imagination or ingenuity in the political field.

It was not always so. Twice in this century there has been a moment when it seemed, even to hard-headed and experienced men of power, not only possible but absolutely necessary to take a global approach to the world's problems and to construct a new world order. These moments occurred, of course, during and

generosity but an initiative that required a united effort by western Europe to rebuild its shattered economy, and gave it the means to do so, including the European Payments Union—a marked derogation from the principles of free trade and full convertibility to which the US was then so passionately attached.

Under EPU European countries were able to reserve the revenues they derived from exporting to each other for the purchase of imports from each other, thus discriminating against American products even though America had supplied and paid for most of the capital goods which made European exports possible.

Why not a Latin American Payments Union now, Mr Layton asks, financed in part "by writing off the convertible currency debts of the Latin American countries, but retaining the claims on local governments or institutions in local currency or the unit of account of the payments union?" And the quick pro quo for the lender countries, he further suggests, should not this time be military bases but "the placing in a country of Environmental Trusts, of certain major environmental assets, like the rapidly disappearing tropical forests, whose loss would be an ecological catastrophe for the world as a whole."

Thus, "instead of a country obtaining funds from the International Monetary Fund because it manages to improve its balance of payments by felling the forest, or by taking land from peasant cultivators, it would obtain financial compensation for not felling the forest and World Bank resources to try to help indigenous peasants to improve their own food production."

Hopefully impractical utopianism? Perhaps, but unless something is done about these problems the outlook for humanity in the next century, if we get so far, is pretty frightening. Mr Layton may not have all the answers, but at least he is trying to get people to rediscover the habit of thinking globally, or matching their political ambitions to the amazing onrush of technology. He deserves to be read—and his pamphlet is short enough to be read even by a politician in an election year.

Europe and Global Crisis, available from Earthscan, 3 Eversholt St, London WC1E 6DD. Price £4.50.

Edward Mortimer argues that technology without political ingenuity is not enough

Immediately after the two world wars, when the catastrophic results of the previous period's apathy, defeatism and parochialism were obvious to all, there were two moments when it seemed, even to hard-headed and experienced men of power, not only possible but absolutely necessary to take a global approach to the world's problems and to construct a new world order.

To Woodrow Wilson, and again to Presidents Roosevelt and Truman and those who worked with them, it went without saying that policies had to be devised and agreed internationally for tackling the great issues of world trade and world peace, and that those policies had to be implemented by appropriate multilateral institutions.

Mr Layton recalls that in 1948, in the Baruch Plan, Truman proposed putting all nuclear technology under international control. Unhappily he did so in a way that suggested a determination to safeguard the then US monopoly of nuclear weapons, and this ensured a Soviet refusal. Even so, the initiative was very much of its time in that it proposed a global and multilateral solution to what was clearly a global problem.

The classic example is the Marshall Plan: not simply an act of unilateral American

## Ownership of the banks

From Mr C. Tracey  
Sir,—In all the discussions on the pros and cons of protecting British banking institutions from being acquired by "unsuitable" corporations, not once, as far as I am aware, has the position of the owners of those businesses, ie the shareholders, been raised. Let alone have they been consulted. I find this rather depressing particularly since the clearing banks at least have not been slow to use their publicly quoted status to raise equity capital.

If shareholders are to be disenfranchised on occasions in the national interest, and I personally would concede that principle, isn't it only right that they should have some role in the general discussions? After all it is our capital at stake.

C. R. Tracey  
(Investment Director),  
Sons and Prosser Investment Management,  
1 Finsbury Avenue, EC2.

## A balanced budget

From Mr T. Congdon  
Sir,—In his Economic Viewpoint of February 19, Mr Samuel Brittan says, of a recent commentary of mine arguing the great macroeconomic importance of high personal sector borrowing and relative unimportance of the public sector position, "This is a bit rich, as well as difficult to understand. It is true that I criticised Mr Lawson in 1984 and 1985, on the grounds that I did not think his approach to fiscal policy at that time would lead to any reduction in underlying inflation beneath the level established by the end of the Thatcher Government's first term. For example, in March 1984, I said of Mr Lawson's second Budget that his "gut prejudices are undoubtedly those of a tax-cutting supply-sider, not a sound money man. A sizeable PSBR underpins the 1985-86 should therefore be regarded as a prelude to substantial tax give-aways in either 1986 or 1987. The restoration of genuine fiscal responsibility and price stability will be the work of Mrs Thatcher's third term—if it is ever to be undertaken at all. But it is politically astute for Mr Lawson to have postponed good news until nearer the next election."

I will leave readers to decide, two years later, whether this judgment was broadly correct. They can also make up their minds whether it amounts to a passionate denunciation of the Chancellor as an inflationist.

## Letters to the Editor

It is also true that I believe a balanced budget is a precondition for long-run price stability. But that is not the whole story, as the behaviour of private sector credit is also relevant. The course of inflation is determined by the long run by the growth of the money supply: the money supply is dominated by bank deposits; and new bank loans to both the public and the private sectors create more deposits. So we need to watch private sector borrowing as well as the PSBR. If we are to have a feel for prospective inflationary developments.

My point was that, as personal sector borrowing is larger and more volatile than the PSBR, we should not be obsessive about the "Budget Judgement" or impute all cyclical fluctuations to the fiscal position. Interestingly, the continuing rapid growth in private sector bank credit has led since the middle 1985 to an acceleration in monetary expansion and this is now contributing to a definite strengthening in business activity. The upturn has occurred despite a large reduction in the PSBR, which validates my point about the relative unimportance of the budgetary position.

Indeed, it is splendid news that Mr Lawson achieved a reasonable approximation to a balanced Budget in the first ten months of 1986-87. If he is now genuinely persuaded of the benefits of sound public finance, I am delighted to welcome him to the cause. But the Government needs to curb private sector borrowing as well if it is to establish the monetary conditions for price stability. That was all I was saying. Why is Mr Brittan sniping at me for it?

Tim Congdon,  
L. Messel & Co,  
1 Finsbury Avenue, EC2.

## Football club closures

From Mr A. Harper  
Sir,—There is something peculiarly repulsive about the recent news that football club closures in London are making millions of pounds for club proprietors and landlords. By definition, a club closure means lack of commercial success, which may even involve redundancies of club players and staff.

How is it, that at the same time the proprietor/landlord can make a fortune? Clearly, it has nothing to do with his skills as an entrepreneur! Rather it has everything to do

with property speculation. Is it not true that society came to its senses and collected the land values which the community created, while allowing the real entrepreneur to continue creating jobs and increasing prosperity?

Arnold J. Harper,  
31, Russell Rd, SW19.

## A family buying its silver

From Mr D. Greenwood  
Sir,—Concorde is apparently a potent symbol with British Airways, the Stock Exchange and a building society using its image in their recent advertising campaign. I trust that your distinguished and British remind readers of the losses borne by taxpayers in its development, translated into current money values, and express astonishment that it is possible to sell to the public assets that they have already paid for either through taxation or, in the case of British Telecom and British Gas, as heavily burdened consumers. A case of selling to the family silver it had already purchased previously. No wonder the Chancellor is smug.

D. Greenwood,  
10 Old Ferry, E.C.2.

## Scrutinising the Channel

From the General Secretary, National Union of Seamen.

Sir,—While the media have assiduously reported on the game of board room musical chairs currently being played within the Channel Tunnel consortium, they appear deaf to calls for a public inquiry into this highly contentious scheme. Should the bidders and the EEC have their way, the entire face of south-eastern England will be transformed, thousands of jobs lost, the north-south divide widened and Britain's future as a maritime nation gravely imperilled.

But perhaps the most fundamental issue has been the lack of any public inquiry on the Channel proposal and the government's indecent haste to push the Channel Tunnel Bill through the due processes of Parliament. The cynic may indeed wonder whether the project is inspired to forge closer links with Europe or benefit the Conservative Party's financial backers in the major construction and civil engineering companies.

Developments such as the third London airport, Sizewell B and various motorway

schemes whose impact is minimal compared with the Channel tunnel have been subject to public scrutiny—why not the same?

Sam McCusker,  
Maritime House,  
Old Town, SW4.

## Motivating people

From Mr C. Segal  
Sir,—As long-term competitor, and often a frustrated one, of the VG organisation I would like to add several points to Mr Marsh's article (February 18) since there seems to have been insufficient emphasis on the help which has brought VG so far. The ability to provide a growth environment for men of quality is something VG has achieved and which many companies have totally failed to do. VG educated by its success many of the other necessary elements of business life: marketing, sales, accounting etc and above all the desirability of profitability to turn them into practical managers.

Some have failed under the strain but the spin offs and the current talent in the management of the subsidiaries are living proof of the value of the forced feeding for day-to-day success. VG educated by example—how many other UK companies run such real life training?

There are critical notes on the slide on Mr Eastwell and on his style and again the idea that such amazing development can be achieved without this driving and sometimes decisive (and acrimonious) style is a reflection of the general wish in English business for compromise and a quiet life. You are correct in saying many managers do not want to match it and in that alone you can track the lack of more VGs in the UK.

Contrast the VG success in developing technology in divisions loosely controlled from the centre with divisional organisation of such a GEC marred by its central control and then say whether Eastwell's style has been justified both for VG and the country.

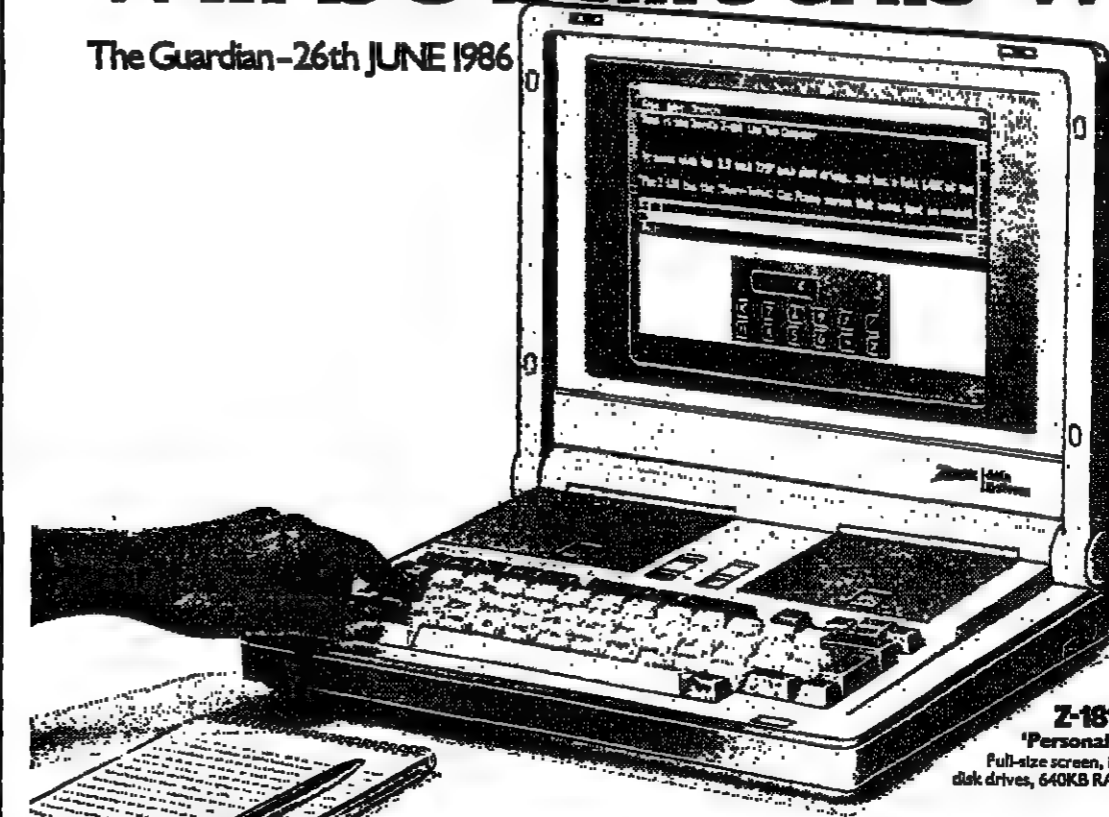
As stated I was a competitor of VG for some years, I am not a shareholder nor am I Mr Eastwell's brother-in-law but, I was fortunate enough to operate in the 1960s in a company similarly endowed with drive and a preparedness to delegate. I do believe that the criticisms and implications do him an injustice and that to any budding entrepreneur detailed look at Eastwell and VG is a required observation.

I wish there were more such training grounds in this country.

Clive Segal,  
Cambridge Medical Equipments,  
50-51, Clifton Industrial Estate,  
Cambridge.

## "One day, all micros will be built this way"

The Guardian—26th JUNE 1986



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## SECTION II - COMPANIES AND MARKETS

# FINANCIAL TIMES

Friday February 27 1987

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**BRITISH VITA PLC**

### Heritage accepts cable merger

By Anatole Katsky in New York

HERITAGE COMMUNICATIONS, a large cable television operator based in Des Moines, Iowa, yesterday accepted a merger proposal worth nearly \$900m from Denver-based Tele-Communications, the largest cable company in the US.

Holders of the 26.1m shares in Heritage will receive \$24 in a mixture of cash and new securities from a specially constituted partnership between Tele-Communications and an investor group which includes members of Heritage's senior management.

The precise mix between cash and new securities has not been specified, but the agreement signed yesterday provides that no more than \$6 of the \$24 payment will be made in Tele-Communications common stock.

The deal follows a \$32 bid for Heritage which Tele-Communications first announced on January 31. This was rejected by Heritage and subsequently raised to \$34 on February 12.

Neither side would disclose yesterday what interest in the merged company was being offered to Heritage management in exchange for their agreement to the deal.

Heritage did state, however, that the terms had been approved as fair to common stockholders by an investment banking team consisting of Kidder Peabody, Goldman Sachs and First Boston.

The merger will put Tele-Communications far ahead of any other company in the cable television business.

At present Tele-Communications has 4.4m basic and pay TV subscribers, about 1m more than its nearest competitor, American Television and Communications.

Heritage will add another 970,000 subscribers to the combined system. In financial terms, however, the acquisition of Heritage appears expensive since it values the company at more than 40 times its net income.

Meanwhile, Viacom International, the diversified media and entertainment group which is facing a \$3bn bid from Arsenal Holdings, a division of theatre chain National Amusements, saw fourth-quarter profits nearly wiped out at \$700,000, or two cents a share, against \$8.3m, or 22 cents.

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Dutch electronics group buoyed by special gains

### Philips advances 10% to Fl 1.02bn

BY LAURA RAUIN IN Eindhoven



Van der Klugt: "still a lot to do"

PHILIPS, the Dutch electronics group, lifted its profits by 10 per cent to Fl 1.02bn (\$510m) in 1986 despite lower sales thanks to a surprisingly sharp improvement in the final quarter. The group's 1985 profit totalled Fl 919m.

A surge in exceptional items boosted earnings to Fl 536m in the fourth quarter, up 74 per cent from the year earlier period and the highest quarterly net income for at least three years. Around Fl 330m in exceptional income came from the disposal of a US furniture company, government investment premiums, lower taxes and financial items.

Mr Cor van der Klugt, president of Philips, Europe's largest electronics group, said yesterday he was satisfied with the results but that there was "still a lot to do" to improve profitability. Net income as a percentage of revenue remains at 1.8 per cent, compared with the 3 per cent or more for van der Klugt would like to see.

Sales fell 9 per cent to Fl 55bn in 1986 from Fl 60bn the year before, largely a result of the lower dollar, which eroded turnover when translated into guilders and boosted the competitive position of US dollar-linked countries.

In the lighting division revenue fell 14 per cent while in professional electronics it dropped 10 per cent, mostly on the weaker dollar. Revenue also fell 7 per cent to Fl 16bn in the final quarter.

Philips obviously took some pride in surprising the many analysts who had been expecting a drop in profits. The Dutch concern had posted 22 per cent lower net income and 9 per cent smaller turnover in the first nine months.

Fl 3.06bn in 1985. Operating income plunged by around 40 per cent in both the lighting and professional electronics divisions.

In consumer electronics, which previously has suffered serious losses, operating income soared to Fl 120m last year from only Fl 34m in 1985. A one-off Fl 145m income from the inclusion of a joint venture activity plus higher sales in colour televisions, video cassette recorders and compact disc players fuelled the increase.

Another strong turnaround came in the computer division when operating income rose six-fold to Fl 263m from Fl 44m. The long-awaited recovery in the depressed US semiconductor market and brisk demand for TV tubes lifted the division.

Philips expects to raise its earnings again this year and to post

### AT&T finds French partner in effort to win CGCT bid race

Paul Betts in Paris looks

at the latest move in the battle for control of CGCT, the French group soon to be privatised and for which bids must be received by Monday.

AT&T of the US is teaming up with Société Anonyme de Télécommunications (SAT), a French manufacturer of telecommunications transmission equipment, to increase its chances of taking over control of Compagnie Générale de Télécommunications (CGCT), the state public telephone equipment maker due to be privatised in coming weeks.

AT&T and its European telecommunications partner Philips of the Netherlands have been trying for the past 18 months to gain control of CGCT which would give the US telecommunications group a 16 per cent share of the French public switch market.

However, AT&T and Philips have faced acute competition from Siemens of West Germany and Ericsson of Sweden which have both been keen to form an alliance with CGCT to gain access into the French public switch market. Northern Telecom of Canada has also shown interest in CGCT.

AT&T, with strong backing from the US authorities, has been campaigning fiercely to win the international battle for CGCT control. AT&T's association with the French SAT group now seems to have significantly increased the 25 group's chances of clinching the deal.

AT&T is expected to announce its link up with SAT on Monday when the French government's deadline for applications for control of CGCT closes. The Government has set a price of FF 500m (\$83m) for CGCT.

Under the privatisation rules no foreign investor can acquire more than 20 per cent of a state company. But the international group selected for CGCT is expected to take over management control.

However, the privatisation rules have forced foreign groups interested in CGCT to form alliances with French companies and financial institutions to create a consortium to buy control of the concern.

SAT and French industry sources confirmed yesterday that the French company was planning to announce an agreement with AT&T over CGCT on Monday.

SAT employs about 5,300 people and has annual sales of more than FF 4bn. After losing FF 24m in 1985 the company, which specialises in transmission equipment, is expected to break even in 1988. The French group is understood to regard an association with AT&T and CGCT as helping to support its transmission business as well as offering other synergies.

The French telecommunications authority, Direction Générale de Télécommunications (DGT), Mr Alain Madelin, the French Industry Minister, and Mr Gerard Longuet, the Post and Telecommunications Minister, are all understood to be backing the AT&T proposal.

However, both Siemens, which until now has had support from the Prime Minister's office, and Ericsson, are expected to put in rival bids for CGCT in association with French partners. Siemens is expected to link up with the French Jeumont-Schneider group, which also makes telecommunications equipment. Ericsson is expected to team up with Matra, the state-controlled defence and electronics group which has already acquired CGCT's private telephone equipment business.

Over-production and the reduction in farm areas in the US were the principal causes of the decline.

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### SKF profits boosted by strong demand

BY SARA WEBB, STOCKHOLM CORRESPONDENT

SKF, the world's leading manufacturer of roller bearings, reported a 5.9 per cent increase in profits for 1986 on slightly higher turnover.

Profits after financial items reached SKr 1,460m (\$228m) compared with SKr 1,360m a year ago. Group sales only rose 1.1 per cent to SKr 16,990m against SKr 16,700m in 1985.

Demand for high-volume roller bearings was strong, and rising demand from car manufacturers required higher than expected production of wheel bearings.

There was also a greater demand from electric motor and household appliances manufacturers for deep groove ball bearings.

SKF increased its sales in the European, Brazilian and Indian markets but suffered a setback in demand in the North American market. The bearings operations will be

split into three main business areas in future - industrial bearings, bearing services and specialty bearings.

Sales of cutting tools were adversely affected by the dollar exchange rate and lower demand from the UK market. This division showed a 7 per cent fall in profits on increased sales.

The SKF component systems division showed a strong increase in sales, helped by more orders from the aerospace industry.

SKF invested SKr 1,050m in plant and equipment last year in order to increase capacity. It is building a new factory in Brazil for the production of taper roller bearings for the domestic automotive industry.

The group expects 1987 profits and sales to be at the same level as 1986 figures. The board proposed a dividend of SKr 11.00.

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### Trimmer Veba lifts earnings

By David Marsh in Bonn

VEBA, the West German energy and chemicals conglomerate which is to be completely privatised next month, boosted group net profit to DM 992m (\$345m) last year from DM 707m in 1985, according to provisional figures announced yesterday.

Turnover fell 17.3 per cent to DM 40.2bn as a result of the fall in the oil price and the lower dollar. Other reasons for the turnover fall were the divestment of its fertilizer business and the slimming of activities in international fuel trading.

Veba said shareholders - including the Government which owns 25.6 per cent of the equity - could expect an "appropriate" dividend for 1986 after a DM 10 payout for 1985.

The Government's remaining stake will be sold off in the second half of March in an operation which, on the basis of present share prices, will raise about DM 2.7bn.

Turnover of main divisions last year was DM 9.9bn (DM 10.3bn in 1985) in electricity, DM 9.2bn (DM 14.9bn) in oil and petrochemicals, DM 4.7bn (DM 5.7bn) in chemicals and DM 15.8bn (DM 17.1bn) in services.

Investments totalled DM 3.2bn, down from DM 4.7bn in 1985.

### Textron to sell Sheaffer unit

By Our Financial Staff

TEXTRON, the US conglomerate, is putting up for sale its Sheaffer-Eaton writing instruments division as part of its debt-reduction programme after last year's \$1.04bn acquisition of Ex-Cell-O.

Sheaffer, which has about 2,000 employees, also makes stationary and related products. Morgan Stanley, the US investment bank, will represent Textron in the sale.

Textron's move is the second this week in its attempts to digest the Ex-Cell-O takeover and the \$1.4bn acquisition in 1985 of the Avo financial services business.

On Tuesday, Elopak, a Norwegian packaging company, said it would acquire the packaging systems division of Ex-Cell-O. No price was disclosed on the deal.

Ex-Cell-O's Pure-Pak system is described as the world's most widely used for milk and juice cartons. Elopak, which has been a Pure-Pak licensee since 1987, is at the same time to become wholly owned by Tiedemanns of Norway.

Elopak, which markets largely in Europe and the Middle East through UK and Scandinavian facilities, has annual sales of roughly \$300m.

Net earnings per share for continuing operations were given as 32 cents against 29 cents. Firestone, which appears to be nearing the end of a share buyback scheme, said that during the quarter it had paid \$21m in repurchasing 1.1m shares, leaving some 38.94m in issue.

The US retail side benefited from improved margins on car parts and services. International divisions also performed well.

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### Ciba-Geigy declines 20% on \$ plunge

BY WILLIAM DUFFLORCE IN GENEVA

CIBA-GEIGY, the Swiss chemicals and pharmaceuticals group, disclosed yesterday a fall of more than 20 per cent in its 1986 consolidated operating profit, to SF 1,150m (\$147m) from SF 1,470m in 1985.

The board proposes to maintain an unchanged dividend of SF 38 a share and participation certificate.

The group had already announced last month a 12 per cent drop in sales to SF 16bn.

A decline in both earnings and sales was predicted at an early stage last year, as the dollar exchange rate plunged. Improvements in performance had compensated for just over half the extraordinary high exchange shortfalls, Ciba-Geigy said yesterday.

Operating cash flow decreased from SF 2.4bn in 1985 to SF 2bn last year, but group "self-financing capacity" amounted to SF 1.8bn after deduction of distributed profits, remained well in excess of capital spending although this increased again last year.

On a local currency basis group sales grew by 3 per cent last year, Ciba-Geigy estimates, after excluding the exchange rate effects in countries with high inflation. Of this 3 per cent growth, 1 per cent is attributed to higher sales prices and 2 percentage points to volume growth and improvements in product mix.

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### Barilla lifts earnings and plans expansion

BY ALAN FRIEDMAN IN MILAN

BARILLA, the pasta and foods group which is Italy's largest in the sector, achieved a 1.61.8bn (\$47.5m) net profit last year, an increase of 23 per cent.

The Parma-based group, which had 1.1.381bn of consolidated turnover last year, also signalled its intention to expand outside Italy for the first time, initially by acquisition.

Barilla is understood to be close to acquiring Rio de Valencia, a Spanish pasta and biscuit producer which had around \$31m of 1986 turnover.

Rio is Spain's third-ranking biscuit maker, with around 10 per cent of the market and fourth ranking in pasta, with a 6 per cent market share. In Italy Barilla is the market leader in pasta, with a share of around 27 per cent.

A Barilla takeover of Rio would be the third Italian acquisition of a Spanish concern to come to light in recent weeks.

The Milan-based Montedison chemicals and health care group is close to acquiring Antibioticos, a Spanish bulk pharmaceuticals company, and a consortium of Spanish-Arab investors led by the Fiat group's Impresit civil engineering subsidiary, is bidding to acquire the Madrid-based Hispano Alemana de Construcciones, a Spanish construction company.

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## U.S. \$100,000,000 First Bank System, Inc.

### Floating Rate Subordinated Capital Notes Due 1997

Interest Rate	6 1/8% per annum
Interest Period	27th February 1987 29th May 1987
Interest Amount per U.S. \$50,000 Note due 29th May 1987	U.S. \$829.43

Credit Suisse First Boston Limited  
Agent Bank

## National Westminster Bank PLC

(Incorporated in England with limited liability)

### Issue of U.S. \$500,000,000 PRIMARY CAPITAL FRNs (Series "C") (Floating Rate Notes)

In accordance with the provisions of the Notes, notice is hereby given that for the three months interest period from February 27, 1987 to May 27, 1987 the notes will carry an interest rate of 6 1/8% per annum.

The interest payable on the relevant interest payment date, May 29, 1987 against coupon N°8 will amount to U.S. \$165.89 for Notes of U.S. \$10,000 nominal and U.S. \$1658.89 for Notes of U.S. \$100,000 nominal.

Agent Bank  
KREDIETBANK  
S.A. LUXEMBOURG



## ESCOM Electricity Supply Commission

### ECU 50,000,000 Floating Rate Notes due 1990

In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from February 27, 1987 to May 27, 1987 the Notes will carry an interest rate of 7 1/8% per annum.

The interest payable on the relevant interest payment date, May 27, 1987 against coupon N°8 will be ECU 16.01 per Note.



The Agent Bank  
KREDIETBANK  
S.A. LUXEMBOURG

U.S. \$460,000,000



Azienda Autonoma delle  
Ferrovie dello Stato

### Floating Rate Notes due 1995

By virtue of existing legislation direct  
and unconditional general obligations of  
The Republic of Italy

Notice is hereby given that the interest payable on the relevant interest  
Payment Date March 31, 1987, against Coupon No. 4 in respect of  
U.S. \$1,000 Nominal of the Notes will be U.S. \$325.96 and in respect of  
U.S. \$250,000 Nominal of the Notes will be U.S. \$8148.88.

February 27, 1987, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank

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## INTL. COMPANIES and FINANCE

### UBS surplus at SFr 776m

BY JOHN WICKS IN ZURICH

UNION BANK of Switzerland (UBS), the country's biggest banking group, last year booked record net profits of SFr 776.2m (\$594m), 12 per cent higher than the SFr 691.9m reported for 1985.

The balance-sheet total also reached a new high, expanding by SFr 12.7bn to SFr 152.2bn. However, UBS points out that this 8.1 per cent growth only partly reflects the actual increase in business volume. At 1985 exchange rates and precious metal prices, growth would have been SFr 26bn.

In the profit and loss account a "substantial" rise in operating costs was more than made up for by a marked rise in commission earnings and higher income from securities dealings and from foreign exchange and trading. Net commissions income increased by 17.8 per cent to over SFr 1.5bn while income from securities went up 6.7 per cent to SFr 428.7m and that from foreign exchange and precious metals by 7.3 per cent to SFr 394.7m. In comparison, net interest increased by less than 4.8 per cent to SFr 1.56bn.

The balance sheet shows a sharp increase in sums due from banks, which rose by almost 14 per cent to SFr 48.2bn. This resulted solely from a growth in time deposits and is attributed to the expansion in interbank money market transactions following the fall in the dollar.

Loans and advances to clients were up by a "gratifying" SFr 6.3bn to SFr 69.2bn.

The sharp rise in interbank business also led to a rise of 32.3 per cent in the sum due to banks to SFr 49.8bn.

Given continuing favourable market conditions in the non-credit sector, Dr Nikolaus Senn, the chief executive, forecast another good year for 1987. While interest income would be faced with continued stiff competition at home and abroad and narrower margins, he said the bank should benefit from a less negative exchange rate development and the overall rise in business volume.

### Hughes Tool merger in trouble

By Anatole Kalinsky in New York

THE PROPOSED merger of Hughes Tool Company and Baker International, two of the world's largest oilfield services businesses, appeared in jeopardy after Hughes said it would not accept the terms for approval laid down by the US Justice Department.

Shortly after the two companies agreed to merge last October, the Justice Department expressed objections on anti-trust grounds, saying that competition in at least two important oil-drilling products - tri-cone bits and submersible pumps - would be reduced.

Two weeks ago, however, Mr E. H. Clark, Baker International's chairman, said an agreement had been negotiated under which the Justice Department would refrain from filing an anti-trust suit, if Baker moved to sell its domestic drill-bit and submersible pump businesses.

Wednesday's announcement from Hughes, therefore, came as a surprise. Hughes said its board had voted against entering into the proposed agreement with the Justice Department, claiming that its terms were "unreasonable in the context of this transaction."

Hughes said it was consulting Baker on what steps to take next.

### Western Union in loss after \$468m charge

By Our Financial Staff

WESTERN UNION, the heavily indebted US telecommunications company which has agreed to cede control to an investor group, suffered a loss of \$459.87m in the fourth quarter after taking a \$468m writedown on its communications facilities and related expenses. The full-time deficit on continuing operations reached \$642.44m.

In 1985 the loss was \$635.17m after a \$4.68m profit on discontinued activities. In the quarter a year ago the deficit on continuing operations was \$340.42m.

In conjunction with its agreement to surrender control of the company Western Union earlier this month proposed to swap 12 issues of existing debt for two new issues of preferred stock.

Under the plan, the investor group will invest \$250m in return for \$250m of secured debt. It will also obtain up to 39 per cent of the company's capital.

### Amro reports 22% rise in earnings to Fl 414m

BY LAURIA RAUM IN AMSTERDAM

AMSTERDAM-Rotterdam Bank (Amro) the Netherlands' second largest bank, raised its profits by 22 per cent to Fl 414m (\$201m) last year, from Fl 340m in 1985, mostly due to lower provisions for bad loans.

Net income per share rose 3 per cent to Fl 8.76 from Fl 8.55 as the number of shares outstanding jumped by nearly 16 per cent.

Contributions to loan loss reserves were cut by 8.6 per cent to Fl 800m from Fl 875m as the loan portfolio continued to improve.

Total income rose 4.4 per cent to Fl 3.75bn, from Fl 3.59bn as the sharply lower dollar put pressure on foreign operations.

Commission income rose 8.8 per cent compared with the more sluggish 2.1 per cent growth in interest income, a trend also seen in the previous year.

Expenses jumped 8.6 per cent to Fl 2.36bn in 1986 from Fl 2.2bn the year before.

Gross profits were fractionally higher at Fl 1.39bn compared with Fl 1.28bn.

U.S. \$200,000,000  
BERGEN BANK A/S  
Perpetual Floating Rate Notes  
(with the right to subordinate)  
In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from February 27, 1987 to August 28, 1987 the Notes will carry an interest rate of 6 1/8%. The interest payable on the relevant interest payment date, August 28, 1987 will be US\$31.77 per \$10,000 principal amount of Notes.  
The Chase Manhattan Bank, N.A., London, Agent Bank  
February 27, 1987

## City Federal Savings Bank

U.S. \$75,000,000

### Collateralized Floating Rate Notes Due 1993

Notice is hereby given that the Rate of Interest has been fixed at 6.55% p.a. and that the interest payable on the relevant Interest Payment Date, May 29, 1987 against Coupon No. 3 in respect of U.S. \$25,000 nominal of the Notes will be U.S. \$413.92.

February 27, 1987, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

## The Chase Manhattan Corporation

U.S. \$175,000,000

### Floating Rate Subordinated Notes due 1997

Notice is hereby given that the Rate of Interest has been fixed at 6 1/8% and that the interest payable on the relevant interest payment date, May 29, 1987 against Coupon No. 6 in respect of U.S. \$10,000 nominal of the Notes will be US\$169.05.

February 27, 1987, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

## CITICORP

U.S. \$350,000,000

### Subordinated Floating Rate Notes Due November 27, 2005

Notice is hereby given that the Rate of Interest has been fixed at 6.35% in respect of the Original Notes and 6.4375% in respect of the Enhancement Notes, and that the interest payable on the relevant interest payment date, March 31, 1987 against Coupon No. 16 in respect of U.S. \$10,000 nominal of the Notes will be US\$356.44 in respect of the Original Notes and US\$372.22 in respect of the Enhancement Notes.

February 27, 1987, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

## CITICORP

U.S. \$500,000,000

### Subordinated Floating Rate Notes Due January 30, 1988

Notice is hereby given that the Rate of Interest has been fixed at 6.325% and that the interest payable on the relevant interest payment date, March 31, 1987 against Coupon No. 14 in respect of U.S. \$10,000 nominal of the Notes will be US\$56.22.

February 27, 1987, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

## CITICORP

U.S. \$500,000,000

### Subordinated Floating Rate Notes Due October 25, 2005

Notice is hereby given that the Rate of Interest has been fixed at 6.35% and that the interest payable on the relevant interest payment date, March 31, 1987 against Coupon No. 17 in respect of U.S. \$10,000 nominal of the Notes will be US\$56.44.

February 27, 1987, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

## CITICORP

U.S. \$500,000,000

### Subordinated Floating Rate Notes Due May 20, 1988

Notice is hereby given that the Rate of Interest has been fixed at 6 1/8% and that the interest payable on the relevant interest payment date, May 29, 1987 against Coupon No. 4 in respect of U.S. \$10,000 nominal of the Notes will be US\$167.47 and in respect of U.S. \$250,000 nominal of the Notes will be US\$4,186.63.

February 27, 1987, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

## The Kingdom of Denmark

U.S. \$200,000,000

### Floating Rate Notes due August 1999

Notice is hereby given that the interest payable on the relevant interest payment date, February 27, 1987, for the period August 29, 1986 to February 27, 1987 against Coupon No. 5 in respect of U.S. \$10,000 nominal of the Notes will be U.S. \$329.33.

February 27, 1987, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

## Lloyds Eurofinance N.V.

(Incorporated in the Netherlands with limited liability)

### £200,000,000

### Guaranteed Floating Rate Notes due 1986

Guaranteed on a subordinated basis as to payment of principal and interest by

LLOYDS BANK Plc

(Incorporated in England with limited liability)

Notice is hereby given that the Rate of Interest has been fixed at 11% and that the interest payable on the relevant interest payment date, May 28, 1987 against Coupon No. 11 in respect of £5,000 nominal of the Notes will be £134.11 and in respect of £25,000 nominal of the Notes will be £670.55.

February 27, 1987, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

## U.S. \$125,000,000

### European American Bancorp

(Incorporated in the State of New York, U.S.A.)

### Floating Rate Notes Due 1992

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the three months from

27th February 1987 to 27th May 1987

the Notes will carry an interest rate of 6 1/8% per annum.

On 27th May 1987 interest of U.S. \$160.69 will be due per U.S. \$10,000 Note for Coupon No. 6.

EBC Amro Bank Limited  
(Agent Bank)

27th February 1987

U.S. \$20,000,000

## Empresas La Moderna S.A.deC.V.

(Incorporated in the United Mexican States)

### FLOATING RATE NOTES DUE 1988

In accordance with the provisions of the Notes notice is hereby given that for the interest period from 27 February, 1987 to 28 August, 1987 the Notes will carry an interest rate of 8% per annum. The interest payable on the relevant interest payment date, 28 August, 1987 against Coupon No. 12 will be US\$404.44.



By: The Chase Manhattan Bank,  
National Association, London.

Agent Bank

U.S. \$850,000,000



## Malaysia

### Floating Rate Notes Due 1993

Interest Rate	6 1/8% per annum
Interest Period	27th February 1987 28th August 1987
Interest Amount per U.S. \$10,000 Note due 28th August 1987	U.S. \$338.09

Credit Suisse First Boston Limited  
Agent Bank

NEW ISSUE

All these securities having been sold, this announcement appears as a matter of record only.

February, 1987



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Fuji International Finance Limited Kleinwort Benson Limited  
Merrill Lynch Capital Markets Société Générale  
Tokyo Securities Co. (Europe) Limited Westdeutsche Landesbank Girozentrale

# INTL. COMPANIES and FINANCE

## HK Land sells sites for HK\$1.4bn

BY DAVID DODWELL IN HONG KONG

HONGKONG LAND, one of the British territory's leading property groups, has agreed to sell virtually all of its land bank to Sun Hung Kai Properties for HK\$1.36bn (US\$174.4m).

The sale, due to be completed within two months, will trim Hongkong Land's debt to below HK\$500m, less than a third of its level of indebtedness two years ago, when the group was on the brink of bankruptcy.

Since then, the group has been scaled down significantly, largely at the initiative of Jardine Matheson, its controlling

shareholder. Dairy Farm, its retailing subsidiary, has been publicly floated, and the Mandarin Oriental Hotels group will be spun off in the next two months.

The sites being sold by HK Land all sit outside the group's corporate priority areas in the colony's Central financial district. Mr Nigel Rich, the group's chief executive, said yesterday. Disposal clears the way for the group to begin planning new developments, since projects currently under way are all due for completion

within the next two years. The only site that is likely to become available in the Central area in the coming year is what is locally known as the Old Fire Station site, adjacent to Hongkong Land's Exchange Square Three development.

The group already owns a prime site in Central between a major development called the Landmark and the new Standard Chartered Bank building.

Hongkong Land can be expected to be a fierce contestant for this site when it comes up for public auction. It will

be the first time it has participated in an auction since 1982, when the collapse of the local property market swept the group close to insolvency.

Mr Kwok Tak-Seng, who heads Sun Hung Kai Properties, said yesterday that the sites—in Hong Kong's Mid-Levels, on the south of Hong Kong Island, and in the New Territories bordering China—were all "highly appropriate" for the group's development programme, and provided "a wide range of growth prospects for the company."

## Stokes reshuffles media interests

BY BRUCE JACQUES IN SYDNEY

AUSTRALIA'S latest media network has emerged under the banner of BDC Investments, a company which will be controlled by Mr Kerry Stokes, a Perth businessman and Mr Jack Bendat, his long-time associate.

The formation of the group involves the restructuring of Oakminster Holdings, Mr Stokes' 50 per cent owned merchant bank, and BDC, currently about 90 per cent owned by the aggressive AFP group which has just taken over

the UK-based Gestetner. As part of the restructuring, AFP will transfer its stake in BDC to Oakminster in exchange for shares and options taking its interest in Oakminster to about 15 per cent. A further 10 per cent of Oakminster will be taken for about A\$37m (US\$24.9m) by Danomic Investments, a company controlled by Mr Abe Goldberg, the textiles magnate.

The shuffles will see Mr Stokes and Mr Bendat effectively controlling about 72 per

cent of Oakminster which will hold about 78 per cent of BDC. The deals will allow BDC to take its place among Australia's capital city network owners—Bond Corporation, John Fairfax, and Northern Star Holdings.

BDC will have three licensees controlling stations in Canberra, Adelaide and Perth, once the latter station begins broadcasts later this year.

Mr Stokes bought the Adelaide television station and four radio stations from Herald and Weekly Times.

## Strong gains at three Japanese drug groups

By Yoko Shibata in Tokyo

THREE Japanese pharmaceutical companies have reported improved earnings last year, helped by higher sales of drugs with high profit margins and lower prices of imported raw materials caused by the rising yen.

Yamanouchi Pharmaceutical boosted pre-tax profits 46.9 per cent to ¥29,533m (S192.3m) with net profits of ¥10,483m, up 42 per cent from the previous year.

Sales were 19 per cent higher at ¥333m, an increase of 12 per cent was attributed in part to good demand for an ulcer treatment.

For the current fiscal year, Yamanouchi expects pre-tax profits to rise 11.7 per cent to ¥33m, on sales of ¥355m, up 10.3 per cent.

## First-half profits up 37% at Brambles Industries

BY OUR FINANCIAL AND SYDNEY STAFF

TWO AUSTRALIAN transport groups have produced earnings of more than a third in interim net profits, amid an expansion in their operations overseas.

Brambles Industries showed a 37 per cent rise to A\$41.21m (US\$27.8m) on sales up from A\$505.5m to A\$576.1m. The interim dividend has been raised from 8.5 cents to 12 cents a share.

Mr Gary Pemberton, managing director, said the result underscored the success of the company's strategy of using a strong Australian base to

develop a major foreign presence. He predicted that future expansion would be overseas, pointing out that acquisition targets in the A\$100m to A\$150m range were not readily available in Australia.

Mayne Nickless provided a 35.8 per cent boost in equity accounted net earnings to A\$26.88m, on revenues up one-fifth to A\$879.9m from A\$731.6m. It is lifting the interim payout to 8.5 cents from 6.5 cents "in anticipation of a larger increase for the final dividend in October."

## Diversification at NST

BY WONG SULONG IN KUALA LUMPUR

NEW STRAITS TIMES, Malaysia's largest newspaper publishing group, has invested 107.7m ringgit (US\$42.5m) in recent weeks in a diversification into the broadcasting and financial services sectors in order to lessen its dependence on newspaper operations.

It has raised its 10 per cent stake in Sistem Television Malaysia to 70 per cent at a cost of 65m ringgit. Sistem operates the country's only private TV station and recorded pre-tax profits of around 15m ringgit for the year ended last August.

NST has also acquired full control of American Malaysian Insurance for 19.5m ringgit and a 20 per cent stake in Bank of Commerce for 25m ringgit.

Chief Executive, NST's chairman, said the diversification

together with the recent reorganisation of the group's corporate structure would help the group to "ride out of the recession."

For the latest year, NST suffered a 61 per cent fall in net profits to 10.1m ringgit and cut its dividend by half to 15 cents a share.

The earnings fall was largely due to the drop in advertising revenue and higher operational costs.

Meanwhile the Fleet group, which is controlled by the United Malay National Organisation, has announced it had sold 16.85m shares in NST, representing 24.7 per cent, to foreign institutional investors.

The sale reduces Fleet group's stake in NST to 51 per cent.

## Lend Lease 57% ahead at mid-term

By Our Sydney Correspondent

LEND LEASE, one of Australia's biggest property and financial services groups, is heading for its first A\$100m (US\$67.4m) after-tax profit in the current year after a strong December half.

The company has reported a 57 per cent interim earnings lift from A\$53.5m to A\$84.6m, and directors say the group has a record forward workload.

Sales jumped 66.7 per cent to A\$686.35m and the interim dividend has been boosted from 16 cents to 22 cents a share.

The sale agreement included the sale of the Riverside Centre in Brisbane to the related General Property Trust for A\$171.5m.

Directors attributed the profit improvement to higher returns from the MLC insurance operation, increased property and technology business and considerations received for the surrender of property-related loans and management agreements totalling about A\$13.5m net of tax.

## Barlow Rand bid for Plascon

BARLOW RAND, South Africa's biggest industrial group, is seeking full control of the Plascon Evans (Plevans) paint-making subsidiary, writes Jim Jones in Johannesburg.

It has offered 38 Barlow shares for every 100 in Plevans, 16.5 per cent of which is minority held.

Barlow Rand, which is controlled by the United Malay National Organisation, has announced it had sold 16.85m shares in NST, representing 24.7 per cent, to foreign institutional investors.

The sale reduces Fleet group's stake in NST to 51 per cent.

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# THE ROYAL BANK OF CANADA

## NOTICE OF PARTIAL REDEMPTION

TO THE HOLDERS OF 9 1/2% DEBENTURES DUE APRIL 1, 1988 OF THE ROYAL BANK OF CANADA

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Trust Indenture bearing formal date of April 15, 1971 (as supplemented) and to the Third Supplemental Trust Indenture bearing formal date of March 31, 1976 (herein collectively referred to as the "Trust Indenture") between The Royal Bank of Canada (herein referred to as the "Bank") and Montreal Trust Company (herein referred to as the "Trustee"), providing *inter alia* for the creation and issue of 9 1/2% Debentures of the Bank, that C\$2,654,000 aggregate principal amount of 9 1/2% Debentures due April 1, 1988 of the Bank in coupon bearer form in the denomination of C\$1,000 each bearing the distinguishing letter "E" and the under-mentioned distinguishing numbers, namely:

23	300	2042	3883	6770	6382	7335	8848	10483	11457	12831	13804	14880	15719	17140	21924	22352	24393	25088	26788	27848	31138	32112	32374
36	877	2049	3295	6282	6397	7337	8888	10515	11487	12833	13806	14782	15724	17141	21925	22353	24394	25089	26789	27849	31139	32113	32375
42	942	2059	3299	6297	6404	7348	8899	10516	11488	12834	13807	14783	15725	17142	21926	22354	24395	25090	26790	27850	31140	32114	32376
48	951	2066	3312	6327	6437	7357	8908	10519	11493	12838	13810	14786	15728	17143	21927	22355	24396	25091	26791	27851	31141	32115	32377
50	974	2067	3326	6338	6446	7362	8916	10522	11495	12843	13813	14789	15731	17144	21928	22356	24397	25092	26792	27852	31142	32116	32378
52	978	2087	3336	6346	6454	7368	8924	10525	11497	12848	13816	14792	15734	17145	21929	22357	24398	25093	26793	27853	31143	32117	32379
54	993	2091	3337	6348	6456	7369	8927	10526	11498	12849	13817	14793	15735	17146	21930	22358	24399	25094	26794	27854	31144	32118	32380
56	1002	2092	3342	6349	6458	7370	8930	10527	11499	12850	13818	14794	15736	17147	21931	22359	24400	25095	26795	27855	31145	32119	32381
58	1010	2093	3343	6350	6459	7371	8933	10528	11500	12851	13819	14795	15737	17148	21932	22360	24401	25096	26796	27856	31146	32120	32382
60	1017	2107	3358	6363	6461	7412	8937	10534	11504	12855	13823	14799	15741	17152	21936	22364	24405	25100	26799	27859	31149	32123	32386
62	1021	2109	3372	6365	6463	7417	8940	10535	11505	12856	13824	14800	15742	17153	21937	22365	24406	25101	26800	27860	31150	32124	32387
64	1025	2112	3373	6366	6464	7425	8943	10536	11506	12857	13825	14801	15743	17154	21938	22366	24407	25102	26801	27861	31151	32125	32388
66	1028	2114	3374	6367	6465	7432	8946	10537	11507	12858	13826	14802	15744	17155	21939	22367	24408	25103	26802	27862	31152	32126	32389
68	1031	2116	3375	6368	6466	7439	8949	10538	11508	12859	13827	14803	15745	17156	21940	22368	24409	25104	26803	27863	31153	32127	32390
70	1034	2118	3376	6369	6467	7446	8952	10539	11509	12860	13828	14804	15746	17157	21941	22369	24410	25105	26804	27864	31154	32128	32391
72	1037	2120	3377	6370	6468	7453	8955	10540	11510	12861	13829	14805	15747	17158	21942	22370	24411	25106	26805	27865	31155	32129	32392
74	1040	2122	3378	6371	6469	7460	8958	10541	11511	12862	13830	14806	15748	17159	21943	22371	24412	25107	26806	27866	31156	32130	32393
76	1043	2124	3379	6372	6470	7467	8961	10542	11512	12863	13831	14807	15749	17160	21944	22372	24413	25108	26807	27867	31157	32131	32394
78	1046	2126	3380	6373	6471	7474	8964	10543	11513	12864	13832	14808	15750	17161	21945	22373	24414	25109	26808	27868	31158	32132	32395
80	1049	2128	3381	6374	6472	7481	8967	10544	11514	12865	13833	14809	15751	17162	21946	22374	24415	25110	26809	27869	31159	32133	32396
82	1052	2130	3382	6375	6473	7488	8970	10545	11515	12866	13834	14810	15752	17163	21947	22375	24416	25111	26810	27870	31160	32134	32397
84	1055	2132	3383	6376	6474	7495	8973	10546	11516	12867	13835	14811	15753	17164	21948	22376	24417	25112	26811	27871	31161	32135	32398
86	1058	2134	3384	6377	6475	7502	8976	10547	11517	12868	13836	14812	15754	17165	21949	22377	24418	25113	26812	27872	31162	32136	32399
88	1061	2136	3385	6378	6476	7509	8979	10548	11518	12869	13837	14813	15755	17166	21950	22378	24419	25114	26813	27873	31163	32137	32400
90	1064	2138	3386	6379	6477	7516	8982	10549	11519	12870	13838	14814	15756	17167	21951	22379	24420	25115	26814	27874	31164	32138	32401
92	1067	2140	3387	6380	6478	7523	8985	10550	11520	12871	13839	14815	15757	17168	21952	22380	24421	25116	26815	27875	31165	32139	32402
94	1070	2142	3388	6381	6479	7530	8988	10551	11521	12872	13840	14816	15758	17169	21953	22381	24422	25117	26816	27876	31166	32140	32403
96	1073	2144	3389	6382	6480	7537	8991	10552	11522	12873	13841	14817	15759	17170	21954	22382	24423	25118	26817	27877	31167	32141	32404
98	1076	2146	3390	6383	6481	7544	8994	10553	11523	12874	13842	14818	15760	17171	21955	22383	24424	25119	26818	27878	31168	32142	32405
100	1079	2148	3391	6384	6482	7551	8997	10554	11524	12875	13843	14819	15761	17172	21956	22384	24425	25120	26819	27879	31169	32143	32406
102	1082	2150	3392	6385	6483	7558	9000	10555	11525	12876	13844	14820	15762	17173	21957	22385	24426	25121	26820	27880	31170	32144	32407
104	1085	2152	3393	6386	6484	7565	9003	10556	11526	12877	13845	14821	15763	17174	21958	22386	24427	25122	26821	27881	31171	32145	32408
106	1088	2154	3394	6387	6485	7572	9006	10557	11527	12878	13846	14822	15764	17175	21959	22387	24428	25123	26822	27882	31172	32146	32409
108	1091	2156	3395	6388	6486	7579	9009	10558	11528	12879	13847	14823	15765	17176	21960	22388	24429	25124	26823	27883	31173	32147	32410
110	1094	2158	3396	6389	6487	7586	9012	10559	11529	12880	13848	14824	15766	17177	21961	22389	24430	25125	26824	27884	31174	32148	32411
112	1097	2160	3397	6390	6488	7593	9015	10560	11530	12881	13849	14825	15767	17178	21962	22390	24431	25126	26825	27885	31175	32149	32412
114	1100	2162	3398	6391	6489	7600	9018	10561	11531	12882	13850	14826	15768</										

# 1986: 58 Deals in 52 Weeks

<p><b>\$935,000,000</b> to <b>Compeau Acquisition Corp. II</b> to purchase 25,800,000 shares of <b>Allied Stores Corporation</b> arranged by Citibank, N.A., as Agent New York, New York October 1986</p>	<p><b>\$3,281,000,000</b> to <b>Compeau Acquisition Corp.</b> to acquire <b>Allied Stores Corporation</b> arranged by Citibank, N.A., as Administrative Agent New York, New York December 1986</p>	<p><b>\$2,730,000,000</b> in senior debt facilities to <b>R.H. Macy &amp; Co., Inc.</b> New York, New York arranged by Citibank, N.A., as Co-Agent New York, New York July 1986</p>	<p><b>\$4,100,000,000</b> credit facilities to <b>BCI Holdings Corporation</b> a company formed by <b>Kohlberg Kravis Roberts &amp; Co.</b> for the purchase of <b>Beatrice Companies, Inc.</b> Citibank, N.A., as Co-Manager New York, New York April 1986</p>	<p><b>\$2,115,000,000</b> credit facilities to <b>Enron Corporation</b> Houston, Texas arranged by Citibank, N.A., as Paying Agent and Co-Agent Houston, Texas December 1986</p>
<p><b>\$20,000,000</b> revolving credit and term loan facilities to <b>Drew Industries Incorporated &amp; Subsidiaries</b> White Plains, New York for the acquisition of <b>White Metals</b> <b>Rolling and Stamping Corporation</b> recapitalization and working capital financing provided by Citibank Business Loans Englewood Cliffs, New Jersey December 1986</p>	<p><b>\$420,000,000</b> commercial paper refinancing to <b>Allied Stores Corporation</b> provided by Citibank, N.A. New York, New York December 1986</p>	<p><b>\$300,000,000</b> revolving credit facility to <b>Sheller-Globe Corporation</b> to finance its merger with a privately held company formed by <b>General Felt Industries, Inc.</b> <b>Shearson Lehman Brothers Inc.</b> and senior management of <b>Sheller-Globe Corporation</b> Citibank, N.A., as Agent New York, New York June 1986</p>	<p><b>\$40,000,000</b> credit facilities to <b>Mercury Stainless Corp.</b> and <b>Mercury Stainless Inc.</b> for the acquisition of substantially all of the assets of <b>Enduro Stainless, Inc.</b> funds provided by Citibank Industrial Credit Chicago, Illinois October 1986</p>	<p><b>\$3,850,000,000</b> credit facilities to <b>SSI Holdings Corporation</b> a company formed by <b>Kohlberg Kravis Roberts &amp; Co.</b> for the purchase of <b>Safeway Stores, Inc.</b> Citibank, N.A., as Manager New York, New York August 1986</p>
<p><b>\$2,500,000</b> revolving credit and term loan facility to <b>Pet Ag, Inc.</b> Elyria, Illinois recapitalization and working capital financing provided by Citibank Business Loans Englewood Cliffs, New Jersey December 1986</p>	<p><b>\$49,250,000</b> acquisition credit facility to <b>The Coca-Cola Bottling Group (Southwest), Inc.</b> for the acquisition of <b>Texas Coca-Cola Bottling Company</b> provided by Citibank Industrial Credit Dallas, Texas December 1986</p>	<p><b>\$45,000,000</b> senior acquisition credit facility to <b>The Coca-Cola Bottling Group (Southwest), Inc.</b> for the acquisition of <b>Coca-Cola Bottling Company of Lubbock</b> and affiliated companies provided by Citibank Industrial Credit Dallas, Texas December 1986</p>	<p><b>\$17,000,000</b> revolving line of credit to facilitate the acquisition of <b>Middle States Coca-Cola Bottling Group, Inc.</b> provided by Citibank Industrial Credit Cleveland, Ohio January 1986</p>	<p><b>\$83,000,000</b> revolving credit and term loan facilities to <b>Samuel G. Keywell Company</b> <b>Key Plastics, Inc.</b> and <b>Key Fasteners, Inc.</b> all newly formed corporations from <b>Key International Manufacturing, Inc.</b> provided by Citibank Industrial Credit, as Agent Cleveland, Ohio February 1986</p>
<p><b>Trans/Pacific Restaurants, Inc.</b> and <b>Monterey Bay Cannery, Inc.</b> have been acquired by Management revolving and term loan facilities arranged and provided by Citibank Industrial Credit Los Angeles, California December 1986</p>	<p><b>\$5,500,000</b> asset-based revolving credit facility to <b>United Container Corporation</b> for the acquisition of the <b>United Container Division</b> of <b>Kardon Industries, Inc.</b> acquisition and working capital financing provided by Citibank Business Loans Englewood Cliffs, New Jersey June 1986</p>	<p><b>\$16,000,000</b> revolving credit facility to finance the acquisition of <b>Chas. A. Stevens &amp; Co.</b> Chicago, Illinois by <b>CAS Holdings, Inc.</b> companies owned by <b>McKinley Capital Group &amp; Management</b> provided by Citibank Industrial Credit Chicago, Illinois February 1986</p>	<p><b>\$63,000,000</b> credit facility to <b>The Boy's Market, Inc.</b> which was acquired by an affiliate of <b>Riordan Freeman &amp; Spogil</b> in a transaction involving management and institutional investors provided by a bank group including Citibank Industrial Credit, as Agent Los Angeles, California April 1986</p>	<p><b>\$85,000,000</b> revolving credit and term loan facility for the acquisition of <b>Washington Industries, Inc.</b> by <b>Hambilton Hill Industries, Inc.</b> financing provided by Citibank Industrial Credit Atlanta, Georgia October 1986</p>
<p><b>\$5,000,000</b> revolving credit facility to <b>EA Components, Inc.</b> Elmhurst, New York working capital financing provided by Citibank Business Loans Englewood Cliffs, New Jersey December 1986</p>	<p><b>\$15,000,000</b> revolving credit facility to <b>Home Quarters Warehouse, Inc.</b> Virginia Beach, Virginia acquisition and working capital financing provided by Citibank Business Loans Atlanta, Georgia October 1986</p>	<p><b>\$30,000,000</b> revolving credit and term loan facility to <b>Photocircuits Corporation</b> Glen Cove, New York and Atlanta, Georgia for the acquisition of the <b>Photocircuits Division</b> of <b>Kollmorgen Corporation</b> revolving credit provided by Citibank Business Loans, as Agent term financing provided by Citibank Direct Finance Englewood Cliffs, New Jersey September 1986</p>	<p><b>\$4,500,000</b> revolving credit facility to <b>Magne-Powr</b> for the acquisition of <b>IFP Hydraulics</b> and <b>Idesa Industrial Hydraulics</b> provided by Citibank Industrial Credit Cleveland, Ohio June 1986</p>	<p><b>\$23,500,000</b> revolving credit facility to <b>J.R.C.</b> <b>d/b/a Common Bros.</b> Bristol, New York acquisition and working capital financing provided by Citibank Business Loans Englewood Cliffs, New Jersey December 1986</p>
<p><b>\$116,000,000</b> credit facilities to <b>The Maclean Capital Group</b> Vancouver, Canada for the acquisition of <b>Seaspan International Ltd.</b> arranged and provided by Citibank Canada, as Agent Toronto, Ontario October 1986</p>	<p><b>\$46,400,000</b> revolving credit and term loan facilities to <b>Prestolite Electric Incorporated</b> for the purchase of <b>Prestolite Motor &amp; Ignition Division</b> of <b>Allied-Signal Inc.</b> provided by Citibank Industrial Credit, as Agent Chicago, Illinois April 1986</p>	<p><b>\$70,000,000</b> revolving credit and term loan facilities to <b>Graphic Controls Corporation</b> for its acquisition by <b>Brentwood Associates</b> and <b>Graphic Controls Senior Management</b> financing arranged and provided by Citibank Industrial Credit Los Angeles, California December 1986</p>	<p><b>\$32,500,000</b> asset purchase facility to <b>Innovex Equities Corporation</b> for the acquisition of <b>Versatile Cold Storage Corporation</b> provided by Citibank Canada Toronto, Canada December 1986</p>	

Atlanta, GA  
(404) 668-8203  
London, England  
44-1-438-0223

Chicago, IL  
(312) 993-3234  
Los Angeles, CA  
(213) 239-1869

Cincinnati, OH  
(513) 421-2030  
New York, NY  
(212) 702-4835

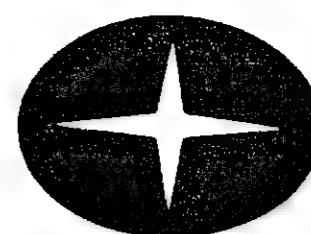
Cleveland, OH  
(216) 443-6770  
San Francisco, CA  
(415) 627-6332

Dallas, TX  
(214) 760-1877  
Sao Paulo, Brazil  
55-11-235-3322

Englewood Cliffs, NJ  
(201) 871-0950  
Sydney, Australia  
61-2-239-9100

Frankfurt, W. Germany  
49-69-136-6417  
Tokyo, Japan  
81-3-245-0748

Harrison, NY  
(914) 899-7582  
Toronto, Canada  
(416) 947-5573



**\$690,000,000**  
for the acquisition of  
**National Gypsum Company**  
by  
**Aencor Holdings, Inc.**  
acquired and working capital  
facility provided by  
Citicorp Industrial Credit, as Agent  
Dallas, Texas  
April 1986

**\$220,000,000**  
revolving credit facility  
to finance the acquisition of  
**Artis**  
from  
**Beatrice**  
by an affiliate of  
**Wesray Capital Corporation**  
provided by  
Citibank, N.A., as Underwriter  
New York, New York  
July 1986

**\$1,600,000,000**  
revolving and term loan facility  
for the recapitalization of  
**Owens-Corning Fiberglass Corporation**  
provided by  
Citicorp Industrial Credit  
as Administrative Agent Co-Agent  
Credit Suisse, CO Agent  
Security Pacific National Bank  
The Bank of Nova Scotia, Wardsley Bank PLC  
The Royal Bank of Canada, Wells Fargo Bank, N.A.  
The First National Bank of Chicago  
National Westminster Bank (USA)  
Cleveland, Ohio  
November 1986

**\$350,000,000**  
acquisition, refunding  
and revolving facilities to  
**The Restaurant**  
**Enterprises Group, Inc.**  
to finance its acquisition of  
the full-service restaurant business of  
**W.R. Grace & Co.**  
arranged by  
Citibank, N.A., as Agent  
Bank of America National Trust & Savings Association  
Wells Fargo Bank, N.A.; Security Pacific National Bank  
National Bank of Canada  
New York, New York  
December 1986

**\$1,875,000,000**  
credit facilities to  
**Imasco Limited**  
for the acquisition of  
**Genstar Corporation**  
arranged by  
Citibank Canada, as Agent  
Montreal, Canada  
March 1986

**\$160,000,000**  
acquisition credit facilities  
to  
**The Ceco Corporation**  
provided by  
Citicorp Industrial Credit, as Agent  
Mellor Bank, N.A.  
Security Pacific National Bank  
AmSouth Bank, N.A.  
Harris Bank  
Chicago, Illinois  
December 1986

**\$95,000,000**  
stock purchase credit facility to  
**MG Acquiring Corporation**  
a wholly-owned subsidiary of  
**MG Holdings, Inc.**  
for the acquisition of  
**Mayflower Group, Inc.**  
arranged by  
Citibank, N.A., as Agent  
New York, New York  
December 1986

**£102,000,000**  
credit facilities  
to  
**Premier Brands Limited**  
Bourville, Birmingham, England  
for the acquisition of  
**The Beverages and Foods Division of**  
**Cadbury Schweppes PLC**  
fully secured, underwritten and provided by  
Citibank, N.A., as Agent  
Barclays Trust Company  
London, England  
May 1986

**£10,000,000**  
credit facilities  
to  
**Cundell Industries Limited**  
Chesham, Essex, England  
for the acquisition by Management of  
**The Corrugated Packaging Division of**  
**Lawson-Mardon Group Limited**  
provided by  
Citibank, N.A.  
London, England  
April 1986

**\$85,000,000**  
revolving credit and term loan facilities  
to  
**CI Holdings Inc.**  
for the acquisition of  
**Coronet Industries**  
provided by  
Citicorp Industrial Credit, as Agent  
Atlanta, Georgia  
Citibank, Canada  
Savoy, Canada  
December 1986

**\$90,500,000**  
credit facility to  
**Blue Tree Corp.**  
for the acquisition of  
**Gold Fields American Industries**  
an affiliate of  
**Consolidated Gold Fields PLC**  
provided by  
Citibank, N.A., as Underwriter  
New York, New York  
February 1986

**\$110,000,000**  
margin term facility  
and a  
**\$25,000,000**  
revolving credit facility  
to  
**MG Holdings, Inc.**  
arranged by  
Citibank, N.A., as Agent  
New York, New York  
December 1986

**\$26,000,000**  
revolving acquisition credit facility to  
**S.M. Acquisition Corp.**  
a company established by  
**Summit Ventures, L.P.**  
**SV Eurofund, C.V.**  
and management of  
**Employee Benefit Plans, Inc.**  
for the purchase of  
**Employee Benefit Plans, Inc.**  
and its Affiliated Companies  
provided by  
Citicorp Industrial Credit  
Hempstead, New York  
March 1986

**\$34,000,000**  
revolving credit and term loan facilities  
to  
**RPC Holding Corporation**  
for the acquisition of  
**Riblet Products Corporation**  
Elkhart, Indiana  
acquisition and working capital financing  
provided by  
Citicorp Business Loans  
Englewood Cliffs, NJ  
December 1986

**\$10,000,000**  
revolving credit facility to  
**Southern Balle Foods, Inc.**  
Tupelo, Mississippi  
working capital financing provided by  
Citicorp Business Loans  
Atlanta, Georgia  
August 1986

**\$120,000,000**  
credit facility to  
**Megnetik, Inc.**  
for the acquisition of  
**Universal Manufacturing Corporation**  
financing provided by  
a bank group including  
Citicorp Industrial Credit  
Los Angeles, California  
February 1986

**\$75,000,000**  
revolving acquisition facility to  
**The Sun-Times Company**  
to  
acquire the assets of the  
**Chicago Sun-Times**  
provided by  
Citicorp Industrial Credit, as Agent  
Atlanta, Georgia  
July 1986

**\$25,000,000**  
mortgage note  
to  
**Chicago Sun-Times, Inc.**  
in conjunction with  
acquiring the assets of the  
**Chicago Sun-Times**  
provided by  
Citicorp Industrial Credit, as Agent  
Atlanta, Georgia  
July 1986

**\$3,000,000**  
revolving credit facility to  
**Oregon Potato Company**  
Brookman, Oregon  
provided by  
Citicorp Business Loans  
Los Angeles, California  
November 1986

**\$12,000,000**  
revolving credit facility to  
**Henry's Tackle Company, Inc.**  
Marshfield City, North Carolina  
acquisition and working capital financing  
provided by  
Citicorp Business Loans  
Cincinnati, Ohio  
December 1986

**\$55,000,000**  
acquisition and working capital facility  
to  
**Rival Manufacturing Company**  
provided by  
a bank group including  
Citicorp Industrial Credit, as Co-Lender  
Los Angeles, California  
April 1986

**\$133,500,000**  
revolving credit, term loan, working capital,  
and receivables financing facility  
provided to  
**Management and an Investor Group**  
for the acquisition of  
**Koh's Department Stores, Inc.**  
from  
**Beitels, Inc.**  
provided by  
Citibank, N.A., as Underwriter  
New York, New York  
August 1986

**\$14,000,000**  
revolving credit facility  
to  
**National Home Centers, Inc.**  
Springdale, Arkansas  
working capital financing provided by  
Citicorp Business Loans  
Dallas, Georgia  
October 1986

**\$106,000,000**  
acquisition credit facility  
to  
**Piggly Wiggly Southern, Inc.**  
in a transaction organized by  
**Riordan Freeman & Spogli**  
provided by  
Citicorp Industrial Credit  
Los Angeles, California  
December 1986

**\$21,500,000**  
credit facility for the acquisition of  
**KPLC-TV**  
An NBC Affiliate  
by  
**Channel Communications of Lake Charles, Inc.**  
Lake Charles, Louisiana  
provided by  
Citicorp Industrial Credit  
Chicago, Illinois  
August 1986

**£14,000,000**  
revolving and term facilities  
to  
**WOLD PLC**  
Grimsby, South Humberside, England  
arranged and partially provided by  
Citibank, N.A.  
London, England  
March 1986

**\$31,000,000**  
credit facilities  
to  
**MFC Acquisition Inc.**  
for the acquisition of  
**Mothers Restaurants Limited**  
funds provided by  
Citibank Canada  
Toronto, Canada  
August 1986

**\$177,000,000**  
credit facilities  
to  
**Metropolitan Broadcasting Corporation**  
for the acquisition of  
the Radio Division of  
**Metromedia Broadcasting Corporation**  
arranged by  
Citibank, N.A., as Agent  
New York, New York  
November 1986

**\$95,000,000**  
senior revolving facility  
and  
**\$20,000,000**  
senior subordinated facility  
to  
**SBK Entertainment World, Inc.**  
for the purchase of  
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**CBS Inc.**  
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New York, New York  
November 1986

# CITICORP INVESTMENT BANKING

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## THE PROPERTY MARKET By PAUL CHEESERIGHT

## Surveyors seek a code of conduct

COLIN VAUGHAN, a partner at Debenham Tewson and Chinnocks, will sit down in an office just off Parliament Square, London next week to start working out with fellow chartered surveyors, how conflicts of interest can be avoided as new forms of property investment become increasingly available.

Mr Vaughan is chairman of a Royal Institution of Chartered Surveyors working party, which will seek to devise a code of conduct. What happens, for example, when a firm of chartered surveyors is both a market-maker in property securities and a property fund manager? Can the two services be offered in a way which protects the interests of the customers?

The fact that the questions need to be answered is indicative of the series of changes chartered surveyors will have to face. The financial sector is bearing down on property. The turning of property into a financial asset offers the surveyors new forms of business. If they are not taken up, the field will be left open to the financial institutions and the securities dealers.

"The independent firm must adopt a radical approach if it is to survive against the advance of the large financial institutions," David Thorley of Chesterton Lalonde, told a recent conference. "The large institutions have already made significant inroads into the residential agency sector and their

assault on the commercial sector will not be far behind." Michael Digby of Hillier Parker said: "Our biggest competitors are not the surveyors themselves but the conglomerates — they will pursue

are permitted to do things which were previously reserved to others — plus the changes about to take place in the property market itself put the surveyors under pressure. The industry is fragmented

up in changes in property financing: the movement to list single property assets on the Stock Exchange; and the movement towards parceling up debt and equity in single properties into securities.

In surveying firms varied approaches are being adopted. The very biggest practices like Jones Lang Wootton and Richard Ellis are expecting to play a role in the new financial services markets, and have set up units to do so.

Richard Ellis has opened up the possibility of alliances between surveyors and financial institutions on specific projects by its co-operation with County, the National Westminster Bank subsidiary, on sponsorship of property income certificates. Baring, Houston and Saunders has a shareholding link with Baring Brothers, the merchant bank.

Another approach has been adopted by Morgan Grenfell, the merchant bank, to form Morgan Grenfell Laurie.

Among the large practices, Hillier Parker has accepted the need to strengthen financial expertise and has brought in a merchant banker, Mr Robin Martin. Surveyors cannot be stockbrokers, observed Mr Digby, but they can co-operate with them. "Our skill is in preparing the product for the market, not packaging it. That can be done by the banks," he said.

What these approaches have in common is to put the surveyors in touch with the capital markets. But direct involvement in the capital markets will bring with it an important change in the way surveyors do their business.

Mr Patrick Heineinger of Baring Brothers has said: "Firms which wish to engage in any investment business will need to become members of either the Securities Association, the self-regulatory organisation for the Stock Exchange, or the Financial Intermediaries and Brokers Regulatory Association, unless they receive direct authorisation from the Securities Investment Board."

That is the first part. The next is that, as he put it: "Membership in a self-regulatory organisation will bring with it minimum capital requirements, detailed reporting requirements and the necessity of complying with detailed rules regarding the conduct of business."

All this opens up whole new disciplines. At present there is a confidential approach to the buying and selling of property. In the future, surveyors going down the financial services route will have to adapt themselves to much fuller disclosure. There will, after all, have to be a prospectus for each property offered on the market.

The problems are not likely to affect the biggest surveying companies as much as the smaller and medium practices which



will have fundamental decisions to make.

First they will have to decide the nature of the business they want to be in.

● They can choose to continue offering purely professional services, like valuation, and sell those to the conglomerates — the market players.

● They can choose to go into the financial markets themselves, in which case that opens up a new series of questions.

● They can be brokers, market-makers, fund managers.

● They can decide to manage portfolios of property income

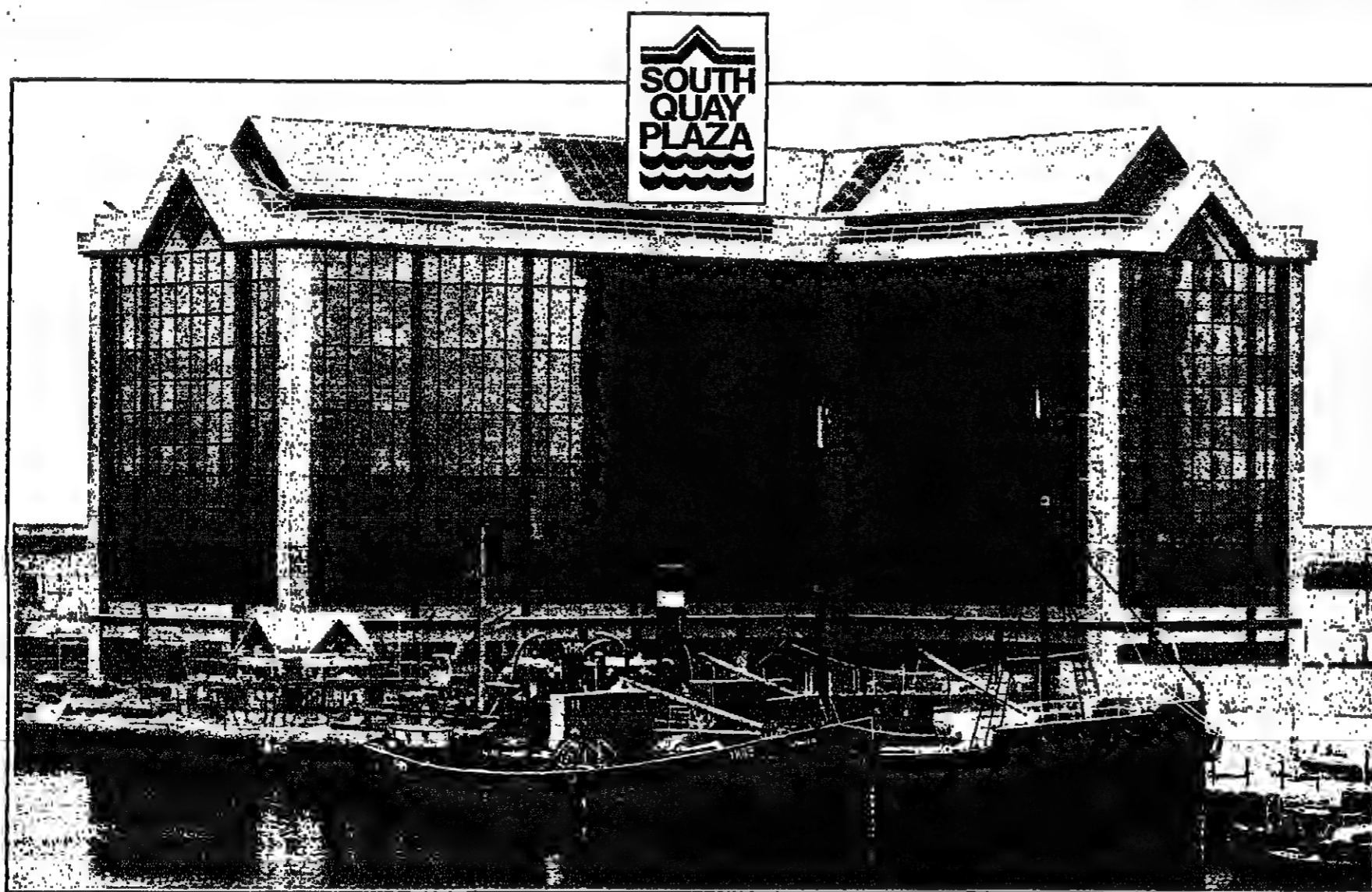
certificates or co-ownership trusts. They can specialise in new issues.

When they have settled on a course, they will have to decide how to staff up. And will have to choose the sort of research facilities they will need.

The strain will be felt most by the medium companies. The small companies are better suited to finding corners of the market in which to specialise. But the medium companies tend to offer many of the same types of service as their larger counterparts, but on a more limited scale. How, they are

asking, do they redirect their business, and is it necessary?

There is much talk in the profession about independence. Some have sought to ensure it by strengthening their capital base by quotation on the market — Baker Harris Saunders, Fletcher King and Sinclair Goldsmith. Others believe that this is the first step towards losing independence. "There is agreement on independence and a feeling that if you say it long enough, it will happen," one surveyor said. "But," he added, "this is a fast changing market."



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■ Phase Three comprising approximately 200,000 sq. ft. of prime offices will be commencing later this year, with completion scheduled for the summer of 1989. (South Quay Plaza's own shopping piazza will be open for business next summer.)

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## Observers

The British Property Federation  
The National Association of Pension Funds Ltd  
The Royal Institution of Chartered Surveyors

Enquiries to P. Rivlin at County Ltd (01-638 6000) and S. Barter at Richard Ellis Financial Services (01-256 6411)

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Jolly Giant	14,000	£70,000	£1.167m
Times Furnishings	14,000	£75,000	£1.25m
Under Offer	40,000	£200,000	£3.33m
Queensway	40,000	£180,000	£3m
Boots (Childrens World)	30,000	£150,000	£2.5m
Harcourt	10,000	£60,000	£1m
British Shoe Corp.	7,000	£42,000	£.76m
Carpetland	10,000	£50,000	£.95m
Dining Room Centre	10,000	£60,000	£1m
Virgin Records	6,300	£37,800	£.687m
ELS	30,000	£150,000	£2.5m
Bejam	10,000	£60,000	£1m
Texas Homecare	45,000	£225,000	£3.75m
MFI	50,000	£200,000	£3.64m
Allied Carpets	30,000	£120,000	£2.18m
World of Leather	15,000	£75,000	£1.25m
Poundstretcher	10,000	£50,000	£.95m
Comet	10,000	£50,000	£.95m

## TEAM VALLEY

Tenant	Size (Sq. Ft.)	Rental	Price
Texas Homecare	45,000	£225,000	£3.75m
Queensway	40,000	£180,000	£3m
British Shoe Corp.	7,000	£42,000	£.76m
Comet	10,000	£60,000	£1m
Carpetland	10,000	£50,000	£.95m
Under Offer	10,000	£60,000	£1m
MFI	52,000	£234,000	£3.9m
Allied Carpets	30,000	£135,000	£2.25m
World of Leather	12,500	£62,500	£1.042m
Poundstretcher	10,000	£50,000	£.95m
Under Offer	10,000	£60,000	£1m
Stork Babywear	15,000	£75,000	£1.25m
ELS	40,000	£200,000	£3.33m
Magnet & Southern	30,000	£150,000	£2.5m
Jolly Giant	15,000	£75,000	£1.25m
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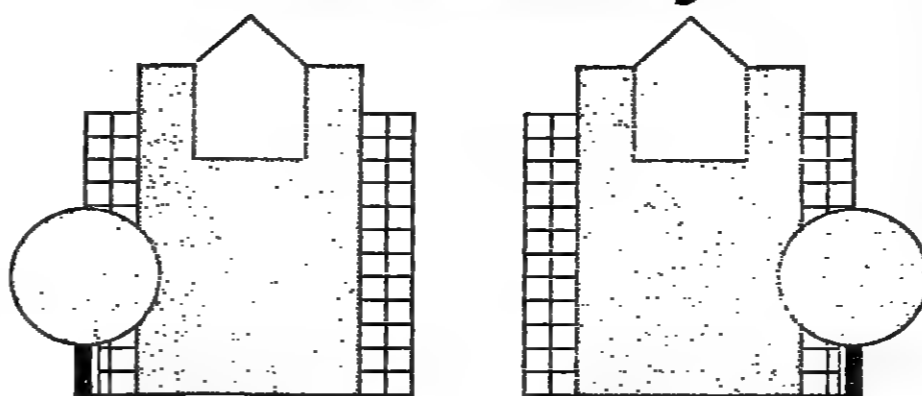
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Opportunities range from £5,000 to £20 million  
Long term fixed rate finance available  
Interest only during early years  
Substantial PLC covenantsContact: Mark Glatman or Rod Gibbs, Baltic Developments plc  
25/26 Albemarle Street, London W1X 4AD  
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investment - Further information: 8182  
SECCA LTD, 95 High Street, Kenton,  
W9 7JL. Tel: 01-827 2224.

## International Property

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New City Commercial Building  
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- Outstanding NEWLY CONSTRUCTED nine level office building
- CHARMING ORIGINAL FACADE retained and brilliantly blended with the SUPERB ARCHITECTURE of the new development
- PRIME LOCATION - only minutes to Queen Victoria Building, Darling Harbour and GPO.
- 2,152 sq metres (23,159 sq ft) net lettable space
- EXCELLENT RETURN TO THE DISCERNING INVESTOR - Net rental income \$558,959 per annum.

TENDERS CLOSE 2 APRIL 1987

For confidential enquiries and tender documents contact Trina Farren-Price (AH 817 4296)  
or Tim Mansfield (AH 387 3403), Commercial and Investment Division,  
Property consultants and sole selling agents.

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FOR SALE BY TENDER

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Modern building in the commercial center  
of BARCELONA (SPAIN)580 m2 (6,240 sq ft) on ground level  
Total surface 4,725 m2 (50,841 sq ft) on 10 floors  
4 lifts - air conditioning - first protection equipment  
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AVAILABLE FOR SALE OR  
JOINT VENTUREChoice of residential, office or  
commercial projects, either com-  
pleted or "to be built," offering  
security with appreciation and  
exceptional return on invest-  
ment. R.E. Developer with  
proven track record of suc-  
cessful projects from concept to  
final sale. Invite inquiries.  
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Prime 21-year-old residential tour-  
ism development project with Golf  
Course, Heavy Machinery Park, for  
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## TRADER

Experienced trader required for City-based office of  
leading international finance group. Responsibility will  
include pricing, trading and monitoring of all mortgage  
security offerings, increasing market penetration for retail  
mortgage products in Europe and developing financing  
strategies. Salary negotiable. Applicants in their early  
30s, educated to degree standard with minimum 10 years'  
relevant operations/trading experience, ideally gained in  
U.S. environment, should apply with full cv to:Box A0453, Financial Times  
10 Cannon Street, London EC4P 4BY

## INVESTMENT BANKING

Leading international investment group requires a U.S.  
qualified lawyer, also trained in English law, specialising  
in international finance to provide legal and administra-  
tive support in developing, restructuring, negotiating and  
documenting investment banking products—debt and  
equity transactions, syndicated facilities, private place-  
ments, product development, mergers and acquisitions.  
Salary negotiable. Applicants, late twenties, and with  
minimum 3 years' relevant international investment  
banking/finance experience should enclose full cv to:Box A0453, Financial Times  
10 Cannon Street, London EC4P 4BY

## Company Notices

## NEW KLEINFONTEIN PROPERTIES LIMITED

Incorporated in South Africa  
Reg. No. 10053/86

INTERIM REPORT

The unaudited results of the Group's operations for the six months ended

31 December 1986 are as follows:

INCOME STATEMENTS	Six months ended 31 December 1986	Six months ended 31 December 1985	Six months ended 31 December 1984
Turnover	1 253	1 544	3 274
Operating Income	1 253	1 544	3 274
Dividends received	1 253	1 544	3 274
Yield	1 253	1 544	3 274
Net profit	1 253	1 544	3 274
Outside shareholders' share of loss	1	1	1
Profit attributable to ordinary shareholders	1 253	1 544	3 274
Retained profit brought forward	3 174	1 948	1 511
Dividends	3 174	2 714	2 428
Retained Profit	3 174	2 714	2 428
Earnings per share (cents)	3.4	2.8	2.2
Dividends per share (cents)	10.9	9.5	8.6
Dividend cover (times)	3.2	3.0	2.6

PROPERTY AND GENERAL  
Past six months have increased by 4 per cent from the corresponding  
period in 1985, and can be attributed to increased revenue  
received from the Company's mining division. However, a slight  
average rate of increase in price of \$28,825 as compared with \$25,060 for  
the period under review, and no widespread improvement in property trading  
in the short term.MINING RESOURCES  
The results of the sand treatment operations for the six months under  
review are as follows:

	Six months ended 31 December 1986	Six months ended 31 December 1985	Six months ended 31 December 1984
Material treated	1 312 040	1 377 133	1 377 133
Gold recovered	1 312 040	1 377 133	1 377 133
Revenue to Company	1 312 040	1 377 133	1 377 133

Although tonnage throughput increased by 2.5%, a simultaneous drop in  
gravel price led to a slight lower recovery of gold. However, a slight  
average rate of increase in price of \$28,825 as compared with \$25,060 for  
the period under review, and no widespread improvement in property trading  
in the short term.NOTICE IS HEREBY GIVEN that the Company has decided to pay a dividend of 10 cents per share  
on the basis of the number of shares held on 15 March 1987. The dividend will be payable  
on 15 March 1987 at the offices of the Company's bankers, Messrs. J. A. F. White,  
Chartered Accountants, 155 Market Street, Johannesburg.The dividend will be payable on 15 March 1987 at the offices of the Company's bankers, Messrs. J. A. F. White,  
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## UK COMPANY NEWS

## Barclays improves 7% to £895m

By DAVID LASCELLES, BANKING EDITOR

Barclays, the UK's second largest clearing bank, announced yesterday that its profits had risen by 6.5 per cent last year to £895m before tax.

This result was at the low end of expectations in the wake of NatWest's 11th profit on Tuesday, and it led to a decline in Barclays' shares, which closed at 528p, down 14p.

Sir Timothy Bevan, the chairman, said that profits had been affected by "special factors that are destined to have a favourable impact on future results," and he described 1986 "as a promising year."

These special factors included Barclays de Zoete Wedd, the new investment banking arm launched by Barclays last year for the Big Bang without which profits "would have been sharply higher," according to

Sir Timothy. But he said the high cost of £27m had been justified by the large market share it had acquired in the securities markets.

Overall last year BZW made a profit of only £1, including an £11m loss in pre-Big Bang trading, but it was operating profitably in January and this month.

Other factors affecting profits included extra staff hired to improve technology and customer services, training, branch rationalisation and remodelling, and preparations for a new debit card from Barclaycard.

Sir Timothy said Barclays was being "more selective" about the new business it was taking on because of the sharp rise in consumer borrowing. While this did not yield impressive results in the short

term it pointed to benefits in the longer term.

After tax, Barclays' total profits were £618m, up 41 per cent on 1985, and earnings per share grew 31 per cent. The total dividend is 21p, an increase of 13 per cent.

The major contributor to profits was Barclays' domestic banking division which earned £416m, up from £317m. This small increase was due to lower interest rates and heightened competition, as well as reduced charges owing to the introduction of "free if in credit" personal banking.

Mr Peter Leslie, the chief general manager, said Barclays had seen "a mild slippage" in its share of the UK personal banking market, partly because of controversy over its involvement with South Africa.

However, it expected to reverse this now that it had sold its South African subsidiary.

A large part of domestic profits came from Barclaycard, but as is customary, Barclays did not break these figures out.

Mercantile Credit, the finance house, boosted profits from £85m to £86m.

Barclays' total charge for bad and doubtful debts was £416m, exactly the same as last year. International provisions declined, but Barclays raised its domestic provisions to £180m from £179m to cover bad loan experience from consumers and small businesses.

The balance sheet totalled £78.95bn, up from £65.1bn, with advances rising from £32.1bn to £46.9bn.

See Lex

## Bunzl again on expansion trail with £14m deal

By Janice Warren

Bunzl, the fast-growing paper, plastics, cigarette filters and distribution group, is expanding its fine paper distribution business into the London area with the £14m acquisition of Thom & Cook.

The purchase is its sixth in the fine paper sector. The company has made 29 acquisitions since its first £55m rights issue in January 1985, and has spent a total of £275m.

Southwest-based Thom & Cook produced turnover of £25m in 1986, and pre-tax profits before tax of £2.6m. It will continue to be run under the existing management.

Mr Barry Staddon, a director of Thom & Cook, said that the move should strengthen the company's position in the market. "This makes us the most significant group of paper distributors in the UK."

Bunzl embarked on the acquisition path in 1980, when Mr James White joined as managing director, and claims its latest purchase takes its fine paper distribution business to third place in the UK in turnover terms, and possibly first place in terms of profitability.

Mr Ken Anderson, finance director, said Bunzl hoped to continue its expansion in fine paper distribution in the North-east, the Midlands and the West Country "as soon as practicable."

Bunzl's latest purchase was the £3.5m (22.2m) acquisition of the Hudson Group — the US building materials distributor — in December last year, using funds from its £191m rights issue in September.

Bunzl's profits have risen from £12.7m for 1985 to £42.7m for 1986, on turnover up from £381m to £681m.

Its shares closed 4p higher at 239p.

## NOTICE OF EARLY REDEMPTION



## Alcan Australia Limited

(Incorporated under the laws of the State of Victoria, Australia)

U.S.\$25,000,000

8½% Bonds due 1989

Notice is hereby given in accordance with Condition 3(b) of the above Bonds (the "Bonds") and pursuant to the provisions of the Trust Deed dated 21st April, 1977 as amended by supplemental deeds dated 14th January, 1982 and 15th February, 1984 between The Law Debenture Corporation p.l.c. and Alcan Australia Limited (the "Company"), that the Company has elected to redeem all the outstanding Bonds on 15th April, 1987 (the "Redemption Date") at a price of 100% per cent of the principal amount (the "Redemption Amount"), plus accrued interest to the Redemption Date, all as more fully provided in the Terms and Conditions applicable to the Bonds.

Payment of the Redemption Amount, together with accrued interest to the Redemption Date, will be made on or after the Redemption Date against presentation and surrender of the Bonds at the office of the Principal Paying Agent or any of the Paying Agents listed below. Bonds should be presented for payment together with all unexpired Coupons (the "Coupons"), failing which the face value of any missing unexpired Coupons will be deducted from the sum due for payment. Any amount of principal so deducted shall be paid against surrender of the relevant missing Coupons within 12 years from the relevant date (as defined in Condition 7) in respect of the principal of the relevant Bond or within 8 years from the relevant date as so defined in respect of the relevant Coupon (whichever period shall last expire). Interest will cease to accrue on the Bonds on the Redemption Date.

## PRINCIPAL PAYING AGENT

Société de Banque Suisse Luxembourg S.A.  
25 Route d'Arden  
2010 Luxembourg

## PAYING AGENTS

Algemeine Bank Nederland N.V.  
Vijzelstraat 32  
Amsterdam, 1017-HL

Banque Bruxelles Lambert,  
Avenue Marx 24,  
B-1050 Brussels

Citibank, N.A.,  
399 Park Avenue,  
New York, N.Y. 10043.

Credit Commercial de France,  
115-117 Avenue des Champs-Élysées,  
F-75008, Paris

Deutsche Bank Aktiengesellschaft,  
Taunusanlage 10,  
D-6000 Frankfurt/Main

Swiss Bank Corporation,  
Aeschenvorstadt 1,  
CH-4002, Basle

27th February, 1987

By: Swiss Bank Corporation International Limited for and on behalf of  
Alcan Australia Limited

## MSCC acts over share dispute

By RAYMOND HUGHES, LAW COURTS CORRESPONDENT

Manchester Ship Canal Company has now registered a substantial block of disputed shares held by nominees of Highams, the Lancashire textile company, and has made an opposed £37m takeover bid for MSCC, the High Court was told yesterday.

As a result Highams will be able to vote the shares at today's annual meeting of MSCC and at an extraordinary meeting that will follow it.

Mr Oliver Weaver, QC, for Highams, said that because of the last minute registration, Highams was dropping its application for a court ruling that it was entitled to have all its nominee holdings in MSCC registered.

Mr Weaver denied a suggestion by Mr Robin Potts, QC, for MSCC, that Highams would not be able to take control of MSCC at today's meetings. He said that although Highams had a voting majority, that did not

give it control.

MSCC has a two-tier board and Manchester Corporation was entitled to appoint a majority of the directors, so the controlling shareholder did not in any sense control the board.

Mr Weaver said that Highams held 57 per cent of the voting shares but under the peculiar voting rules of MSCC the smaller the shareholding the bigger the number of votes per share.

## Smallbone set to pay £3.5m for beds retailer

By Mike Smith

Smallbone, the fitted kitchen supplier, yesterday rejected its on-off acquisition of beds retailer And-So-To-Bed. It is paying £1.5m initially but the final figure will be at least £3.5m.

Smallbone first agreed to buy ASTB last October but the deal was called off in December when Mr Keith Barnett, owner and managing director of the beds company, changed his mind.

Following another about-turn, the second agreement puts the same value on ASTB as the first. Mr Graham Clark, Smallbone managing director, says the total payment will depend on ASTB's profitability but is likely to exceed £4m.

In the year to June 30, 1986, ASTB made pre-tax profits of £400,000 on a turnover of £357m. Net assets at the end of the period were £159m.

## Scottish Inv. net assets top 523p

By the end of the first quarter—January 31—of the current year net asset value of Scottish Investment Trust had grown to 523p per share. This is an 8.3 per cent increase over end October's 483.1p, but a 33.5 per cent advance compared with January 1986.

Gross investment income for the quarter showed little change at £2.6m, while the pre-tax revenue came to £1.45m compared with £1.46m a year earlier.

In January a \$30m five-year loan at 7.75 per cent was arranged and the proceeds invested in US equities and DM bonds.

Since the turn of the year the US equity market had performed strongly and the company was benefiting from increased exposure to the market, the directors said.

## Trade Promotion 'yes' to EMAP

The board of Trade Promotion Services, the USM-quoted exhibition organising company, is recommending to shareholders that they should accept a £15.2m bid from EMAP, the rapidly expanding publishing and exhibition group.

EMAP is offering eight new ordinary shares (187p yesterday) for every five TPS shares, or 240p a share. EMAP already owns just over 25 per cent of TPS.

## Hillsdown buys into Peter Hand

Hillsdown Holdings, the acquisitive food and furniture group, has bought a majority stake in Peter Hand Holdings, a manufacturer of animal health and nutrition products, for around £1.33m.

Peter Hand is London-based, with plants in Stowmarket and Leyland in Lancashire, and current turnover at around £10m a year. Hillsdown is paying for a 51 per cent stake via the issue of 211,364 shares—worth just under £600,000—with the balance in cash.

Vendors have warranted that pre-tax profits in 1986 will be not less than £500,000, and the purchase consideration can be adjusted.

Commenting on the block placed on both the bids for British Sugar by the Trade and Industry Secretary, Mr Harry Solomon, joint chairman of Hillsdown said: "It's a very different company from last year. We would need to have a good look to see if we might still be interested. Basically, I'm neutral." Last year, Hillsdown launched a £500m bid for S and W Berisford, the parent company of British Sugar.

## Wells Fargo International Financing Corporation N.V.

U.S. \$50,000,000  
Guaranteed Floating Rate Subordinated Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Sub-period 27th February, 1987 to 31st March, 1987

the Notes will carry an Interest Rate of 6¼% per annum. The interest accrued for the above period and payable on 30th April, 1987 will be US\$57.78.

Agent Bank: Morgan Guaranty Trust Company of New York, London

## Govett Strategic fails to gain majority of ERIC

By NIKKI TAIT

THE £6M offer by Govett Strategic Investment Trust, the former Border and Southern Stockholders Investment Trust managed by John Govett, for Energy Recovery Investment Corporation, the Luxembourg-registered oil and gas investment company, has closed without Govett gaining a majority holding.

The offer was prompted by Govett's decision to raise its stake in ERIC from the low-30 per cent level to 43.01 per cent last month. ERIC's Luxembourg listing means that it is not subject to the Takeover Code, but Govett decided to make an offer of 100.5p for every £1.50 ordinary ERIC share—the price at which the bulk of its share were bought.

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total for year
Barclays .....2nd int	11.5	Apr 6	10.2	21	18.6
Cadbury Schweppes .....1st	14.8	—	4.3	6.71	5.9
T & N .....1st	21.9	—	—	—	—
Garimara Inform .....1st	0.68	Apr 24	0.68	1.1	1.1
ICI .....2nd int	22	Apr 20	20	36	33
Isotron .....int	0.6	May 1	0.5	—	1.5
Ratcliffe (Gt Britain) .....1st	0.75	May 1	1.5	1.25	2.5
River Plate Inv .....1st	8.5	Mar 27	8.5	9	8.5
Royal Insurance .....1st	20.5	Apr 2	15.55	31	25.75
Tor Inva Trust .....1st	15.6	Apr 1	4.9	—	19.2

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Carries scrip option. ¶ Payable on income shares.

## BOARD MEETINGS

TODAY	DATE
Interim: Abnott Government Securities Trust, Highland Securities, Nationwide Leisure, Unigroup, Finstar, Balfour Beatty, Ship Huggan, T. F. and G. N. Braine, Greenwich Cable Communications, Lloyd's Bank, Oliva, Paper Mills, River Plate and Central Investment, Rux, Savaria, Tinsley, Sedgwick, Templer, Galbraith and Hensberger, Tottenham Hotspur.	Mar 11
Interim: B.M. Group	Mar 17

BRADSTOCK GROUP PLC  
Insurance and Reinsurance Broking Group

## ● ANOTHER YEAR OF EXPANSION

## RESULTS TO 30 SEPTEMBER 1986

	1986 £'000	1985 £'000	
● Turnover	9,940	7,049	Up 41%
● Profit before tax	5,042	3,034	Up 66%
● Profit after tax	3,093	1,686	Up 83%
● Earnings per share	25.8p	14.5p	Up 78%
● Dividend per share	5.3p	3.75p	Up 41%

## EXTRACTS FROM THE CHAIRMAN'S STATEMENT

"1986 has been a very successful year for our company with a 66% increase in profit before tax. . . . At the Annual General Meeting we shall propose a 'one-for-one' capitalisation issue. Both the reinsurance and direct insurance sides of the business are estimating an increase in turnover in 1987 and the board are confident of the further expansion of the group. . . ."

DAVID F. BRADSTOCK, Chairman

Copies of the Report and Accounts are available from:

The Secretary, Bradstock Group PLC  
18 London Street, London EC3R 7JP

## HERE IN BLACK AND WHITE, THE STRUCTURE OF SCANDINAVIAN BANK GROUP

Our recent change of name from Scandinavian Bank to Scandinavian Bank Group plc is a direct reflection of our commitment to an increasing portfolio of customer services. Besides our abilities in the many aspects of merchant banking, the Group serves in other important areas.

Through our Swiss subsidiary, Banque Scandinave en Suisse, we provide direct links to Swiss investment management.

More recently, through our establishment of The Private Capital Group, we are developing our own approach to integrated private banking and financial services.

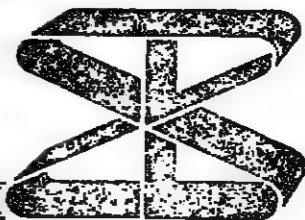
The words forming our symbol give a broad picture of the group's activities. Since 1969 we have grown to be Britain's eleventh largest bank based on total assets as measured by "The Banker" in July 1986. We are active in providing finance and investment not only here, but internationally, through our offices in key financial centres.

We always reach out for imaginative solutions and will

continue to do so. Red tape has no place in our lives. We constantly strive to ensure that the commitment to service we offer our customers throughout the group is matched by our expertise in the mix of products provided.

The Group symbol is more than mere words. To prove our point, the next step is yours. Contact us and see how quickly the words end and the action begins.

**Scandinavian Bank Group**



The art of British banking Scandinavian style.

Scandinavian Bank Group plc, Scandinavian House, 2/6 Cannon Street, London EC4M 6XJ. Tel: 01-236 6090 Telex: 889093 Fax: 01-248 6612. International Offices: Bahrain, Bermuda, Cayman Islands, Geneva, Hong Kong, London, Los Angeles, Madrid, Melbourne, Milan, Monaco, New York, São Paulo, Singapore, Sydney, Tokyo, Zürich.

ISSUED BY MORGAN GRENFELL &amp; CO. LIMITED ON BEHALF OF SCANDINAVIAN BANK GROUP plc



## UK COMPANY NEWS

## New-look Cadbury lifts profit 40%

BY PHILIP COGGAN

Cadbury Schweppes yesterday announced an increase in pre-tax profits of 40.1 per cent as soft drinks overtook confectionery as the group's main profit contributor.

Preliminary figures for the 53 weeks to January 3 show pre-tax profit up from last year's £93.5m to £130.7m.

The results reflect a year of far-reaching change in the group during which Cadbury Schweppes bought Canada Dry, the North American rights to the Sunlight brand and a 30 per cent stake in Dr Pepper and sold its health and hygiene division, its UK beverages and foods division and its UK wines business. Last month, General Cinema, a US conglomerate, revealed an 8.3 per cent stake

in the group.

January also saw the announcement by the group of a joint venture with Coca-Cola—called Coca-Cola and Schweppes Beverages—to manufacture and market soft drinks in the UK. Its target for 1987 is revenue of £400m and sales of 1.3bn litres.

The group had had news for workers at its Sunbury factory and at 20 of its depots—some 500 jobs will be lost, although the company hopes to offer posts in the rest of the group to about 340 employees.

Confectionery showed an increase in trading profits of 18 per cent to £85.6m despite £7m of rationalisation costs. The division was helped by the successful launch of the Biarritz

range and an increased market share at a time when prices rose by 8.3 per cent. Soft drinks improved by 55.3 per cent to record trading profits of £66.5m.

The pattern of acquisitions and disposals meant that UK sales were down by 19.5 per cent whereas increases of between 15.5 and 17.4 per cent were achieved in Europe, North America and the rest of the world. Trading profits were higher in all areas with the best performance coming from North America where a £5.8m deficit was turned into a £8m profit.

Cadbury Schweppes South Africa also announced its results yesterday, reporting pre-tax profit of £12.7m (£4m), up from £6.9m on turnover higher at £188m (£133m).

Acquisition costs at £123m just exceeded the proceeds from disposals of £118m but gearing fell during the year to 19 per cent from 46.4 per cent.

Overall, trading profits were £140.4m (£113m) on sales slightly down at £1.84bn (£1.87bn). After including associated company profits of £4.7m (£8m), investment income of £20.5m (£11.8m) and then deducting interest payable of £24.6m (£38.5m), tax of £44.7m (£37.3m) and minority interests of £9.9m (£8.2m), earnings per share were 53.4 pence higher at 14.28p (9.31p). The final dividend is being increased to 4.9p (4.3p) making a total of 6.7p (5.9p).

See Lex

## Wilson Bowden is valued at £87m

Wilson Bowden, Leicester householder and property developer, which is coming to the main market through an offer for sale, yesterday announced that it would be selling 27.5 per cent of its shares at 130p. The offer values the company at £87m.

One of Britain's largest privately-owned housebuilders, Wilson Bowden sold 1,117 units in 1986 and has a 5,728 plot land bank. In recent years its emphasis has been on upmarket four-bedroom detached houses.

In property development, the company specialises in schemes within business parks and retail developments, many of which are pre-sold.

Pre-tax profits for 1986 were £8.75m (£6.67m) on a turnover of £65m (£55.4m). On a pro-

forma basis earnings per share were 10.2p (7.5p). At 130p, and with a standard tax charge, the shares are being offered on a historic price-earnings multiple of 12.7.

As of December 31, Wilson Bowden's net debt was a little more than two-thirds of shareholders funds. The offer will raise £14.2m net, two-thirds of which will be going to the company.

Running the company is Mr David Wilson, chairman and chief executive. Professor Roland Smith is a non-executive director.

The offer is being made by Schroders and the stockbrokers to the issue are James Capel. The prospectus will be published in the Financial Times on Monday.

## Standard Chartered

## Notice of Change of Address

Standard Chartered Bank, in its capacity as Principal Paying Agent for the undermentioned issues hereby gives notice to the holders of Notes, Bonds and Warrants under the terms and conditions of these issues that with effect from 31st March, 1987 its new address will be 37, Gracechurch Street, London, EC3V 0BX.

## the issues

## Standard Chartered PLC

US\$400 Million Undated Primary Capital Floating Rate Notes

£300 Million Undated Primary Capital Floating Rate Notes (Initial Tranche £150 Million)

US\$300 Million Undated Primary Capital Floating Rate Notes (Series 2)

US\$400 Million Undated Primary Capital Floating Rate Notes (Series 3)

£150 Million Subordinated Floating Rate Notes due 1996 and £150 Million 9% Subordinated Bonds due 1996

US\$300 Million Undated Primary Capital Floating Rate Notes (Series 4) (Initial Tranche US\$200 Million)

## Standard Chartered Finance B.V.

US\$150 Million 11½% Guaranteed Bonds 1994

Up to US\$180 Million 12½% Guaranteed Bonds due 1996 and/or up to £144 Million 11¼% Guaranteed Bonds due 1996.

27th February 1987

By Principal Paying Agent

## Standard Chartered Bank

(Formerly Standard Chartered Bank PLC)

## First Scottish American Trust

Net asset value per 25p share at the First Scottish American Trust improved by 27.9 per cent from 366.5p to 468.7p in the year to January 31 1987. The final dividend is raised from 6p net to 7.5p for an increased total of 12p compared with 10p. Stated earnings per share were higher at 12.4p against 10.42p.

Gross income for the year totalled £8.39m (£5.54m), of which £7.77m (£4.78m) was income from investments. Interest receivable was lower at £464,387 (£707,328), and underwriting commissions rose from £48,239 to £158,863.

Pre-tax revenue was up from £4.92m to £5.65m.

NOLTON: CS Investments and discretionary clients of CS hold 1.3m shares (5.84 per cent).

## Capital spending pegs Isotron profits growth

INVESTING in its fifth plant has held back the growth rate at Isotron in the half year ended December 31, 1986.

The group, which provides the only independent gamma irradiation service in the UK, lifted operating profit by 14 per cent to £887,000, but the pre-tax balance rose only 5 per cent, from £729,000 to £766,000. Income from interest fell from £127,000 to £79,000 as cash was invested in the plant being constructed at Daventry.

In contrast with 1985, the first half reverted to a more normal seasonal pattern. Barring unforeseen circumstances, the current six months should account for a higher proportion of annual operating profits (£1.25m in 1985-86) than last

## Yeoman Trust paying 5.55p

Against 5.5p forecast, Yeoman Investment Trust is paying a total dividend of 5.55p net for the year 1986.

And as a result of higher than expected level of dividend increases, and increased interest rates, the directors are confident that the forecast total of 7.81p for the current year will be exceeded.

The original forecasts were made last October when the trust reorganised into a split level trust. The shares were split into income and capital.

Net income was £1.4m (£1.2m) equal to 5.85p (4.85p) per income share, with the comparisons being restated.

Net assets came to £52.89m (£42.25m).

## DRG (Canada) rises 6%

DRG (Canada), the quoted subsidiary of UK paper manufacturing and stationery group, lifted its sales for 1986 by 6.5 per cent to C\$128.4m and net income by 6 per cent, from \$4.55m to \$4.82m, or £2.37m at present exchange rate.

The management said that if the economy continued at its steady pace in 1987, they were confident that the improvement

of last year would continue.

In the fourth quarter sales rose 3 per cent to \$33.03m.

Earnings for the year worked through at \$1.34 (\$1.27) per share. With the addition of \$1.06m extraordinary gain on the sale of land and buildings after related moving costs and taxes, the 1986 earnings were pushed up to \$1.64.

## Blue Arrow goodwill write-off

BLUE ARROW, the employment agency, has announced that it wants to write off goodwill amounting to £8.8m from acquisitions since October 1986 using its share premium

A special resolution is to be proposed at an extraordinary meeting following its annual general meeting on March 9. The company has already applied for court approval.

## ICI profits top £1 billion again.



in 1986

The Board of Directors of Imperial Chemical Industries PLC announce the following trading results of the Group for the year 1986, subject to completion of the audit, with comparative figures for 1985.

## Trading Results for the Year 1986

Group profit before tax rose by £10.4m to £1,016m, 11% up on 1985, despite modest growth in the world economy, lower selling prices and poor conditions in the Agriculture and Oil segments. However, the profit margin on ICI's chemical business overall improved, reflecting the stronger and more robust portfolio, higher sales volume, lower feedstock and other costs and some net benefit from currency movements. Trading profits on chemicals in the fourth quarter were some £50m higher than a year ago.

Sales volume of chemicals rose by 7% during 1986, 3% through growth and a further 4% through acquisitions. Most of the growth occurred outside Europe, particularly in the USA and Australia. Meanwhile, selling prices in local currencies fell by an average of 2%, although there were marked geographic variations. The net reduction to £9,738m (a drop of 1%) in the total sterling value of Group chemical sales was due principally to the relative weakness of the US, Canadian and Australian dollar currencies against sterling, but this effect was partially offset by the strength of the Deutschmark and other European currencies.

The following table summarises the quarterly turnover with external customers and profit before tax:

Quarterly Turnover and Profit	Chemicals Turnover £ millions	Oil Turnover £ millions	Profit Before Tax £ millions
1985 1st Quarter	2,458	257	267
2nd Quarter	2,656	211	268
3rd Quarter	2,348	185	182
4th Quarter	2,397	213	195
Year	9,859	866	912
1986 1st Quarter	2,350	164	204
2nd Quarter	2,439	77	268
3rd Quarter	2,345	68	256
4th Quarter	2,604	89	288
Year	9,738	398	1,016

Trading profit in Consumer and Specialty Products increased by 23% to £509m, up by £96m from £413m in 1985. Within this segment pharmaceutical sales and profits increased for the sixth successive year despite the effect of the weaker dollar on translation of US earnings to sterling. There were strong performances from polyurethanes, specialty chemicals and colours, where the business is back in profit following the restructuring in 1985. The paints business continued to grow in Europe and will in future be boosted substantially by the acquisition of the Glidden businesses in the USA and Canada, completed on 31 October 1986.

Trading profit in Industrial Products rose to £430m, a gain of £188m on 1985, as the businesses showed the benefits of restructuring and were able to regain a good part of the margins lost in earlier years. Profits rose strongly in all the main Industrial businesses now included within the ICI Chemicals and Polymers Group, which has been formed to improve further the competitive position of these businesses. The repositioning of the fibres business over the last couple of years has been highly successful.

In the Agriculture segment ICI companies worldwide maintained a strong market position but margins were severely hit by a combination of the steep fall in world ammonia and methanol prices following the decline in oil and gas costs, imports of low-priced fertilizer from Comecon countries into Western Europe, and poorer farm economies particularly in North America. An opportunity was

	1986 £ millions	1985 £ millions
Turnover		
Chemicals		
United Kingdom	2,338	2,433
Overseas	7,400	7,426
Oil	398	866
Total	10,136	10,725
Trading Profit	1,049	978
After providing for depreciation	491	474
Net income from related companies	95	56
Net interest payable	-128	-122
Profit on ordinary activities before taxation	1,016	912
Tax on profit on ordinary activities	-382	-308
Profit on ordinary activities after taxation	634	604
Attributable to minorities	-34	-52
Net profit attributable to parent company	600	552
Extraordinary items	-43	-40
Net profit for the financial year	557	512
Dividends	-238	-214
Profit retained for year	319	298
Earnings before extraordinary items per £1 Ordinary Stock	92.0p	86.4p
Dividends per £1 Ordinary Stock	36.0p	33.0p

The above are abridged results; full accounts for the year 1985 with an unaudited audit report have been lodged with the Registrar of Companies.

to strengthen the Group's market position in agrochemicals in the USA by acquiring the distribution rights to paraquat from Chevron Chemical Company, although this had a temporarily adverse impact on profit in the second half of 1986. As a result of these factors trading profits fell by £168m to £1.3m.

Production from the Ninian oil field continued to decline as expected and the offshore in 1986 was 11% lower than in 1985. Despite the dramatic drop in oil prices Oil and Gas returned a profit of £20m (down £39m from 1985) aided by the release of PRT and other provisions. Since the end of the year ICI has, as already announced, merged its oil exploration and production activities with those of Enterprise Oil plc, in exchange for a 25% shareholding in Enterprise.

Following alignment of the accounting dates of certain Far East companies with the Group financial year, the figures reported for Group sales and trading profits in 1986 included additional sums of £85m and £7m respectively, the effect falling into the fourth quarter.

## Fourth Quarter 1986

Compared with the third quarter, profit before tax rose by £32m to £288m. Just over half of this increase was due to improved business and the remainder can be attributed to the net effect of items which are not immediately connected with the quarter's trading, including a gain on the disposal of an overseas investment, the release of provisions in the Oil business and the change of accounting date mentioned above, less various offsetting items. Excluding the impact of the acquisition of the Glidden businesses at the end of October, chemical sales volume grew by 2% compared with the third quarter while selling prices in local currencies declined by 1%. The weakening of sterling in the final quarter added 3% to sales values.

## Taxation

The tax charge for the year was £382m (1985 £308m), comprising UK corporation tax of £168m (1985 £166m) and £214m (1985 £142m) in respect of overseas subsidiaries and related companies. UK corporation tax has been provided at 36.25%, the average rate for the accounting year 1986.

## Extraordinary Items

The £43m charge for extraordinary items is in respect of the expected withdrawal from certain overseas petrochemical activities.

## Investment and Finance

Cash generated from operations was £1,476m (1985 £1,464m); after deducting interest paid and increased tax payments the funds available to the business were £1,053m (1985 £1,136m).

Applications of funds totalled £1,302m (1985 £1,681m) including £385m for the acquisition of the Glidden paints and coatings businesses in North America. Following the fall in the price of oil and oil-related products working capital needs reduced by £94m, compared with an increase of £60m in 1985. Net long-term borrowings increased by £178m while net liquid resources decreased by £35m to £251m.

## Personnel

The average number of people employed in the Group in 1986 was 121,800 (1985 118,600) of whom 56,800 (1985 57,200) were in the United Kingdom.

The rate of bonus under the Employees' Profit-Sharing Scheme for the bonus year 1986 is 8.1p per £ of qualifying remuneration, the same rate as in 1985.

## Dividend for 1986

The Board has declared a second interim dividend of 22.0 pence per £1 unit of Ordinary Stock, which the Annual General Meeting will be asked to confirm as the final dividend for 1986, payable on 2 April 1987 to members on the Register on 26 February 1987. This, together with the first interim dividend of 14.0 pence, makes a total Ordinary dividend of 36.0 pence for the year, an increase of 3.0 pence over 1985. Including the imputed tax credit of 14.7 pence this is equivalent to a gross dividend of 50.7 pence for the year.

Trading results for the first quarter 1987 will be announced on Tuesday 28 April 1987.

## Canadian Imperial Bank of Commerce (A Canadian Chartered Bank) U.S. \$250,000,000 Floating Rate Deposit Notes Due 2005

In accordance with the provisions of the Notes, notice is hereby given, that for the Interest Period from September 26, 1986 to March 26, 1987 the rate for the final Interest Sub-period from February 27, 1987 to March 26, 1987 has been determined at 6 1/4% per annum, and therefore the amount of interest payable against Coupon No. 4, on the relevant interest payment date March 26, 1987 will be US\$309.75.

The Chase Manhattan Bank,  
N.A., London, Agent Bank  
February 27, 1987



## Dresdner Finance B.V. Amsterdam U.S. \$350,000,000 Floating Rate Notes 1984/1989

The Rate of Interest applicable to the Interest Period from February 27, 1987 to May 26, 1987, inclusively, was determined by Morgan Guaranty Trust Company of New York, London, as Reference Agent to be 6 1/4% per annum. Therefore, interest per Note of U.S. \$10,000 principal amount is due on May 27, 1987, the relevant Interest Payment Date, in the amount of U.S. \$160.69.

Frankfurt am Main,  
in February 1987

Dresdner Bank  
Afdelung Geschäft  
Principal Paying Agent

Dresdner Bank Group

## UK COMPANY NEWS

### Ratcliffs dives £1m into red

Ratcliffs (Great Bridge), manufacturer of brass and copper strip, incurred substantial deficit in the year to December 1986.

Group sales fell sharply from £45.04m to £32.34m, while the previous year's profit of £138,000 was turned into a loss of £1.03m. The latter figure was made up of an increased trading loss of £880,000 (£808,000) attributable to the parent company and rationalisation costs of £550,000 relating to the release of 170 employees during the year. Profits from the Canadian operation halved to £496,000 from £944,000.

After tax of £332,000 (£479,000), the stated loss per share increased to 30.11p (8.82p). The final dividend is halved to 0.75p, making 1.25p for the year (2.5p).

Problems identified in the interim statement continued throughout the second half of the year. The Great Bridge business in Tipton, West Midlands, had a thoroughly miserable time, said the directors, enduring six months of short-time working and the release of 170 employees followed by four months of unsettled working before stability was restored.

Marginal profitability was regained from the start of 1987, they added, and Great Bridge should move ahead from July following completion of major plant movement and upgrading. Major vehicle manufacturers moves to adopt aluminium instead of brass and copper for radiators hit profits at the Canadian subsidiary, as did "the arrival of a sudden wave of US protectionism."

### Wates rises sharply

Pre-tax profits at Wates City of London Properties showed a substantial increase from £4.02m to £8.35m in 1986. The final dividend is raised from 1.54p net to 1.77p for an increased total of 2.54p compared with 2.31p.

Net rental income of this property development and investment company rose from

£5.66m to £7.35m, administration expenses were considerably higher at £1.4m (£653,000), net interest receivable was £887,000 (£1,03m) and there was an exceptional credit of £85,000 (nil).

Net asset value per 25p share rose from an adjusted 127.4p to 158.4p.

### Goodman Brothers in profit

After substantially cutting its loss in the latter half of 1985-86, clothing manufacturer Goodman Brothers has returned to profit.

For the half year ended October 31 1986, it produced a pre-tax surplus of £14,000 from turnover of £3.11m, compared with a £153,000 loss from £3.23m in the same period last time.

The company, which makes Richmond, Leyell, and High Society ladies fashion clothing, achieved the small profit in a difficult trading period and despite the drop in sales, the directors stated.

In the third quarter the sales were below the previous year's level, but the directors had strengthened the sales and management team. The benefits of that and stringent house-keeping would be apparent in due course, they added.

Earnings for the half year were 0.14p (loss 1.5p). In the comparable period there was an extraordinary charge of £227,000 for closure and related costs.

**GARTMORE INFORMATION** and Financial Trust lifted its earnings from 0.78p to 1.02p in 1986. The final dividend is held at 0.675p for an unchanged net total of 1.1p. At the end of the year the net asset value was shown at 64.7p, against 71.4p reported for June 30 and 69p the year before. Gross revenue for the year came to £2.68m (£2.6m), and net revenue was £785,000.

## APPOINTMENTS

### Chairman of Royal Doulton

Mr Stuart Lyons is to succeed Sir Richard Bailey as chairman of ROYAL DOULTON on July 1. Mr Lyons will continue as chief executive. Sir Richard is retiring. Royal Doulton is the fine china sector of Pearson.

Mr Michael N. F. Cottrell has been appointed chairman designate of FIRST LEISURE CORPORATION from April. He is managing director of Courage.

Mr Roy Walker, deputy chairman of LIBERTY and managing director of Liberty of London Prints, has decided to retire in July. Mr Oliver Stewart-Liberty, director of overseas operations for Liberty, will succeed him as managing director of Liberty of London Prints.

Mr Conal Gregory, Conservative MP for York, has been appointed to the board of STANDARD FIREWORKS as a non-executive director. Standard Fireworks, which recently acquired Brock's Fireworks, is a member of The Scottish Heritable Trust group of companies. Mr Gregory was a senior executive with Reckitt & Colman prior to entering Parliament in 1983.

The following appointments have been made to the MALBROCKS (HOLDINGS) group: Mr Noel Blows, director of Butler Holdings and joint deputy managing director of Butler Tilt; Mr David Woods, director of Butler Tilt; Mr Malcolm Wood, director of Butler Securities; Mr David Batchell, managing director of Butler Ueda Savage (Foreign Exchange); Mr Bob McMurtrie, managing director Harlow Ueda Savage (Currencies); and Mr Alan Nicholls, deputy managing director of Harlow Ueda Savage (Currencies).

Mr David Barnes, an executive director of ICI, has become a non-executive director of THORN EMI and Mr Tom Mayer, an associate director, has been promoted to the board. Two non-executive directors, Sir John Read and Sir Trevor Holdsworth, are to retire on March 31.

Mr Nick Bacon, chief executive of Harrison Cowley Advertising (Times) is to take over as chief executive of HARRISON COWLEY ADVERTISING, Bristol, from March 1, following the retirement of Mr Duncan McDiarmid.

Mr Harry Kleeman has been appointed vice chairman of the CONFEDERATION OF BRITISH INDUSTRY'S smaller arms council. He will succeed Mrs Jean Parker as chairman when

she steps down next February. Mr Kleeman runs four small companies, two in Dorking, one in Wokingham and one in Birmingham, involved in plastics fabrication.

Mr Brian Guy, managing director of Whitaker Northern, Dorking, has been appointed chairman of the JOHN E. WILTSHER GROUP'S Scottish company based in Glasgow, in addition to his existing post.

Mr Tony Spalding has rejoined DALGETY, in the new post of director of public relations. He was specialist director, external affairs for Whitbread & Co.

Mr Deane M. Layton has been elected senior vice president of THE INSTITUTE OF METAL FINISHING. He is chairman of CSM Plating.

CHRISTIAN SALVESEN has appointed Mr Alex J. Cole as chairman of its food services Europe division from March 1. He is currently president of Merchants Reinsurance Company, Salvesen's cold storage and distribution business in the US.

Mr James Poole has been appointed head of corporate affairs at BARCLAYS BANK. He succeeds Mr Derek Moon who is retiring. Mr Poole has been head of public relations, Trailgar House, since 1983. He was chief press officer, Lloyds Bank, from 1979 and before that foreign editor, Sunday Times Business News.

Mr John (Ian) Ingram has been appointed solicitor (Scotland) for BRITISH RAIL, in succession to Mr Bill Roddie, who has retired. Mr Ingram was principal assistant solicitor in charge of the litigation department, where he is succeeded by Mrs Rhena Stark.

Mr Tom Omley has been appointed managing director of frozen seafood producer SEABAY, having previously been its general manager. Mr Robert Orr has been appointed a director. He was company secretary and financial accountant.

Mr David J. Cooper, former director of European business development for the Pfizer Hospital Products Group, has joined the corporate finance department of ROBERT FLEMING & CO.

STEELEY has grouped all its European quarrying and quarry-related activities under a new subsidiary, Steeley Quarry Products, with Mr Michael J. Lodge as managing director.

Following the restructuring of BURRUPS PRINTING GROUP, part of Extel Group, Mr Peter Rooke has been appointed divisional managing director of a new subsidiary, Steeley Quarry Products, with Mr Michael J. Lodge as managing director of both divisions.

# Cadbury Schweppes Outstanding Results in 1986

Trading Profit:	Up 24.2 per cent
Pre-tax Profit:	Up 40.1 per cent
Earnings per Share:	Up 53.4 per cent
Dividend:	Up 13.5 per cent

Cadbury Schweppes plc, Britain's leading international manufacturer of branded confectionery and soft drinks, reports outstanding results for the 53 weeks ended 3 January 1987.

	1986 £m	1985 £m
Sales	1839.9	1873.8
Trading Profit	140.4	113.0
Pre-tax Profit	130.7	93.3
Earnings per Ordinary Share of 25p (net basis)	14.28p	9.31p
Return on Assets	21.1%	14.6%
Dividends per Share	6.70p	5.90p

- Major structural changes and firm management action have produced strong and sustainable growth.
- Return on Assets at 21.1% was the highest yet achieved.
- Soft drinks trading profit grew by 55.3% and confectionery by 18%.
- Cadbury Schweppes is now the third largest international soft drinks company.
- Formation of Coca-Cola and Schweppes Beverages Ltd has brought together the two strongest brands in the UK.
- North America's sales and profit growth will continue through 1987.
- Cadbury Schweppes continued to support its famous brands with £193M invested in advertising and marketing.
- 1987 will see further growth as acquisitions and restructured businesses make their first full year contributions.

Shareholders will again be offered the opportunity of taking the final dividend in scrip form and details will be sent to them in due course.

Adrian Cadbury  
Chairman

Copies of the full statement will be sent to all shareholders and further copies will be available from the Secretary, Cadbury Schweppes plc, 1-4 Connaught Place, London W2 2EX. Telephone: 01-282 1212.

**Cadbury Schweppes**  
MANAGEMENT  
PROVEN IN THE MARKET PLACE

## The Republic of Panama U.S. \$70,000,000 Floating Rate Serial Notes due 1990

For the six months  
27th February, 1987 to 28th August, 1987  
In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 7 1/4% per cent. per annum, and that the interest payable on the relevant interest payment date, 28th August, 1987 against Coupon No. 18 will be U.S. \$150.40.

The Industrial Bank of Japan, Limited  
Agent Bank

# Over 400% growth in net asset value over 10 years.

"It is our present intention to continue to concentrate the weighting of the portfolio towards the UK economy both within the quoted and unquoted sections."  
M. C. Devan, Chairman.

INCREASE:	1 YEAR	10 YEARS
Gross Dividend	+10.5%	+165%
Net Asset Value	+26.5%	+416%

## Kleinwort Charter Investment Trust PLC

An Investment Trust managed by  
**Kleinwort Greaveson**  
Investment Management

Copies of the Annual Report and Accounts are available from  
The Secretary 20 Fenchurch Street, London EC3P 3DB. Tel: 01-623 8000.

## Wells Fargo & Company U.S. \$150,000,000

Floating Rate Subordinated Notes due 1992

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period from February 27, 1987 to 31st March, 1987 the Notes will carry an interest rate of 6 1/2% per annum. Interest payable on the relevant interest payment date 31st March, 1987 will amount to US\$37.00 per US\$10,000 Note.

Agent Bank:  
Morgan Guaranty Trust  
Company of New York  
London

## Woodside Financial Services Ltd.

(Incorporated in the State of Victoria)

U.S. \$300,000,000  
GUARANTEED FLOATING RATE NOTES  
DUE FEBRUARY 1997

Unconditionally Guaranteed by The Industrial Bank of Japan, Ltd.

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest period from February 27, 1987 to May 29, 1987 the Notes will carry an interest rate of 6 1/4% per annum. The amount payable on May 29, 1987 will be U.S.\$4,107.64 and U.S.\$164.31 respectively for Notes in denominations of U.S.\$250,000 and U.S.\$10,000.

The Chase Manhattan Bank, N.A.,  
London, Agent Bank  
February 27, 1987



CHAM

[illegible]

**AUTHORISED UNIT TRUST & INSURANCES**[illegible]

[illegible][illegible][illegible][illegible][illegible][illegible]

424	Transworld News Trust								
	5 Broadway Plaza, Los Angeles	31.00	+1.00						
425	Transworld Securities Managers (Jersey) Ltd	0.54	0.00						
	2 New St, New Haven, Jersey	0.54	0.00						
426	TRISA	2.00	-0.05						
	10000 1st Ave, New York, N.Y.	2.00	-0.05						
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## COMMODITIES AND AGRICULTURE

## Traders watch for Opec cracks

BY MAX WILKINSON, RESOURCES EDITOR

OIL PRICES recovered uneasily yesterday after their recent steep slide as the markets watched anxiously for further signs that members of the Organisation of Petroleum Exporting Countries are breaking ranks.

Yesterday the price of Brent crude for March delivery steadied to \$16.275 a barrel, a little higher than Wednesday's level but still almost \$2 below its highest point last month.

The oil industry is now waiting with special interest for the outcome of talks in Tokyo between Japanese traders and Middle East producers including Iran, Iraq and Kuwait.

Japanese refiners which have no local source of spot crude have signed five month contracts with Saudi Arabia for supplies of crude at a fixed price linked to the \$18m average set by Opec in November.

However, this deal now seems far out of line with agreements which Saudi Arabia reached with Exxon, Mobil, Chevron and Texaco. These four former partners in Aramco, the Saudi state oil company, forced the kingdom to accept waiver clauses which effectively allow them not to fix price but to buy crude if they can buy cheaper on the world spot market.

The gap of almost \$2 between the official Opec average and the price of spot crude, has therefore caused the volume of Saudi sales to its major customers to plummet to only about half its usual level.

Since the Aramco partners accounted for about a third of Saudi Arabia's average output of 4.7m b/d last year the recent fall in sales volume threatens to put the kingdom in serious difficulties.

This will be made worse if, as now seems likely, Japanese oil importers demand to renegotiate.

Since almost all Opec producers are anxious to sell more crude, traders are betting that Iran, and Iraq particularly will offer easier terms to Japan. There are already strong reports among oil companies that Iran has been effectively lowering its price by offering a free "bonus" barrel to refiners prepared to agree contracts at the official fixed price.

Iraq is thought to have offered special incentives in barter deals, while Kuwait is reported in the oil industry to have produced above its quota level, though it has strongly denied this in discussions with other Opec countries.

In spite of these tensions, the latest oil industry estimates suggest that Opec's production in February has been running at the rate of about 16m barrels a day compared with its agreed quota of 15.8m b/d.

## Oils tax opposition grows

BY PETER MONTAGNON AND ANDREW GOWERS

FRESH RISKS of a transatlantic trade war over agriculture were added yesterday as the US trade representative, Deputy US Trade Representative, said yesterday.

He spoke at an array of Third World oilseed producers stepped up their complaints about the proposed tax. During the annual meeting of the Food and Agriculture Organisation's Intergovernmental group on oils and fats in Rome, the proposal was bitterly attacked on Wednesday by representatives of Malaysia, the Philippines, Papua New Guinea, Senegal and Thailand.

One delegate is reported to have told the closed meeting: "This tax means the virtual demise of oilseed crops of great importance to the developing countries."

Others protested that it con-

travened the agreement for a standstill in trade-distorting measures reached last year in Uruguay as a prelude to the new multilateral round of trade talks; that it was against the rules of the General Agreement on Tariffs and Trade and the United Nations; and that it sought unfairly to solve EEC problems by penalising poor farmers countries which had developed an edible oil refining industry.

Edouard Saouma, the FAO's director-general, is expected to be asked to forward the producing countries complaints to EEC member states and the European Commission at the highest level when the meeting concludes today.

Mr Smith of the US said in a satellite news conference with European Journalists yesterday: "We are deeply, deeply concerned about this." He said the

proposed tax contravened an agreement reached last month with the EEC under which the US is to receive compensation for grain exports lost because of Spain's accession to the Community, and the US would retaliate if it went ahead.

The tax, which was put forward last week as part of the European Commission's farm price proposals, is designed to help meet the rising cost of subsidising the EEC oilseed sector. Whilst it would apply both to domestically-produced and imported oils, the US and the developing states argue that it would hit imports particularly hard. Products like palm oil and soya oil are at the cheaper end of the scale, and the tax—intended to be levied at a flat rate—would therefore represent a larger proportion of their price.

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## More EEC butter sales approved

By Quentin Peel in Brussels

NEW SALES of 65,000 tonnes from the EEC butter mountain were approved in Brussels yesterday, bringing to 100,000 tonnes the heavily subsidised sales involving a reported 300,000 tonnes all destined for the Soviet Union.

The EEC dairy management committee—made up of representatives of the 12 member states and the European Commission—approved the sale at a price of 225 (£168) per tonne against a cost price of £135 per tonne when the butter was bought into intervention stores.

Last month the Commission rejected offers from the trade to sell butter at £210 per tonne, involving a reported 300,000 tonnes all destined for the Soviet Union.

Mr H. O. A. KJELDSEN, the recently elected president of Cops, the European farmers organisation, yesterday predicted the collapse of the Common Agricultural Policy if the EEC Commission's price reform proposals are implemented.

Speaking at a conference here on agriculture he said the effects of the proposals would be so drastic that first Germany and then most other member countries would be forced to re-introduce national subsidies, leading to the breakdown of the CAP.

He said the Commission proposals involved reductions in product prices varying from 10 to 40 per cent, an increase in intervention prices, while the Commission has failed to ensure that agricultural exporting nations take simultaneous steps to adjust their production.

Mr Kjeldsen, who is president of the EEC Budget Commission, replied that the food surplus problems are commercially and financially unacceptable. "We haven't made these proposals for the fun of it," he said.

He said the Commission proposals have already been sharply contradicted by the Economy Minister, Mr Juan Sourrouille, who controls the agricultural budget purse strings, and who is determined not to let the inflation rate slip out of control through concessions to the farming lobby. Nor are the politically and inflation-sensitive price controls on meat likely to be substantially eased.

"What we can do is if the inflation rate is targeted at 3 per cent per month, to allow meat prices to rise by 4 per cent without unduly affecting the cost-of-living index," said Mr Figueras.

In the longer term, Mr Figueras admits that until interest rates come down there can be little prospect of a rapid recovery in investment in the sector. But he said he does not let the inflation rate slip out of control through concessions to the farming lobby. Nor are the politically and inflation-sensitive price controls on meat likely to be substantially eased.

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## LONDON MARKETS

SUGAR FUTURES values

firmly at London yesterday afternoon, wiping out Wednesday's falls. Dealers said the rise was encouraged by a stringer trend in New York and belated covering against the prompt March position's expiry today. Other factors limiting strength to the market included reports that a French shipper was in Moscow discussing sugar sales, although there were doubts whether this concerned fresh business. Background sentiment remains quite strong, dealers added, following recent world market purchases by the Soviet Union, India and, perhaps, China. Meanwhile coffee futures maintained the gentle upward trend which has accompanied this week's International Coffee Organisation talks on the resumption of export quota controls. Although there has been no news of the general impression has been that the atmosphere among delegates has been more constructive than had been feared. Prices rose quite sharply at one time yesterday on rumours that a settlement had been reached. But the rumours faded and prices subsided. LME prices supplied by Anisagmat Metal Trading.

Aluminium: Feb. 26 4- or Month 1987 - 1987

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## INDICES

REUTERS

Feb. 26 Feb. 24 Month Year ago

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## US MARKETS

LOCAL AND light trade

selling in gold futures touched off light Commission House stops to depress prices before short-covering and Commission House buying pared losses, reports Direct.

Barren Lambert Silver futures followed gold, but in this market, switch activity, ahead of tomorrow's first notice day for March, was the main activity as traders liquidated their spot month positions. Early trade buying on copper futures touched off stops, but local selling and persistent selling afterwards by the trade depressed values.

Platinum futures initially followed the other metals, on balance declining to mixed trading but, as buyers backed off, short-covering was sufficient to steady prices towards the close. Crude oil futures rallied, reflecting the slight recovery in world oil prices. Light trade buying, and short-covering steadied values in the face of timed local, Commission House and trade selling. Wheat prices, fixing support prompted speculative buying and short-covering in coffee futures in the face of producer price fix selling. Sugar futures featured heavy activity in the March/May switch with the trade a seller of March, whilst Commission Houses and Japanese trade buyers of March. This was sufficient to touch off Commission House stops above 700 and 800 basis March to rally before producer selling and Commission House liquidation pared gains.

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## CURRENCIES, MONEY &amp; CAPITAL MARKETS

## FOREIGN EXCHANGES

## Dollar shrugs off bad news

THE DOLLAR weakened sharply on news of a much larger than expected fall in January US durable goods orders, but recovered to close only slightly weaker on the day, while it was too early to say how much impact the Tower Commission report on the sale of arms to Iran would have on the currency.

Durable goods orders fell 1.5 per cent, compared with forecasts of a decline of 0.5 per cent to 1 per cent, and against a revised rate of 1.5 per cent in December.

The dollar immediately fell from around DM 1.8250 to a low of DM 1.8110, but soon bounced back to DM 1.8150 on fears that central banks might intervene, following the suggestion from the Paris accord to stabilise the currency markets.

There was no sign of reaction from the central banks however, and the dollar continued to recover without assistance.

News that the Tower report faulted President Reagan for his control over White House staff involved in the Iran scandal had no immediate impact.

The dollar fell to DM 1.8230 from DM 1.8250, to FF 6.07 from FF 6.0550, and to SF 1.3350 from SF 1.3300, and to Y153.10 from Y153.60.

On Bank of England figures the dollar index declined to 103.6 from 104.0.

**STERLING**—Trading range against the dollar in 1986-87 1.5555 to 1.5700. January average 1.5671. Exchange rate index fell 0.1 to 65.4, compared with 71.1 six months ago.

Sterling performed steadily. It improved against the dollar, and eased only slightly against most other major currencies. The pound was underpinned by an

£ IN NEW YORK

Feb 26	Latest	Previous
1 month	1.5395-1.5405	1.5380-1.5390
3 months	1.5385-1.5395	1.5370-1.5380
6 months	1.5375-1.5385	1.5360-1.5370
12 months	1.5365-1.5375	1.5350-1.5360

Forward premiums and discounts apply to the US dollar.

## STERLING INDEX

Feb. 26	Previous
3.30 am	69.4
6.30 am	69.4
9.30 am	69.4
12.00 am	69.4
3.30 pm	69.4
6.30 pm	69.4
9.30 pm	69.4
12.00 pm	69.4

\*CISDR rate for Feb. 25, 1.5600

## CURRENCY MOVEMENTS

Feb. 26	Bank of England	Special Drawing Rights	European Currency Unit
US dollar	1.5395	1.5395	1.5395
US dollar	1.5395	1.5395	1.5395
US dollar	1.5395	1.5395	1.5395

Wages quarterly changes average 1980-1985: 10.0 per cent; 1986-1987: 10.0 per cent.

## OTHER CURRENCIES

Feb. 26	Latest	Previous
1 month	1.5395-1.5405	1.5380-1.5390
3 months	1.5385-1.5395	1.5370-1.5380
6 months	1.5375-1.5385	1.5360-1.5370
12 months	1.5365-1.5375	1.5350-1.5360

\*CISDR rate for Feb. 25, 1.5600

## MONEY MARKETS

## UK rates higher

INTEREST RATES continued to rise on the London money market. Three-month interbank rate rose to 10.50 per cent from 10.25 per cent, and the rate on 12-month bills rose to 11.00 per cent from 10.75 per cent.

UK clearing bank base lending rate 11 per cent since October 15.

North Sea oil prices recovered a little from the recent slide, but the market remained nervous about the impact of the oil market on sterling.

Predictions for the result of the Greenpeace by-election were not favourable for the Government, and also tended to undermine sentiment.

The Bank of England initially forecast a money market shortage of £750m, but revised this to £850m at noon. Total assistance from the authorities was only £450m however, although the shortage at the close appeared to be outside the discount money sector. Overnight interbank rate rose to 20 per cent in late trading.

Before lunch the Bank of England bought £222m bills outright, by way of £10m bank bills in band 1 at 10.75 per cent, £204m bank bills in band 2 at 10.50 per cent, and £88m bank bills in band 3 at 10.25 per cent.

In the afternoon the authorities bought another £184m bills outright, through £20m bank bills in band 1 at 10.75 per cent, £115m

## JAPANESE YEN

Trading range against the dollar in 1986-87 152.70 to 151.50. January average 154.62. Exchange rate index 282.4 against 216.6 six months ago.

The yen was slightly firmer against the dollar in Tokyo, but remained within the recent tight range. Dealers said foreign bond investors showed interest in the dollar at around the Y153 level, but there was a reluctance to take out positions ahead of important US economic and political news.

Selling pressure is expected to build up against the dollar today's US trade figures widen sharply from the December deficit of \$10.7bn, but dealers

commented that intervention by the Bank of Japan, and demand from foreign bond investors, may limit the fall.

**NIGERIAN NAIRA**—The naira was unchanged at 2.000 to the dollar at yesterday's weekly foreign exchange auction in Lagos.

The central bank added \$5m to the \$50m on offer to keep the rate steady. The effective rate, including a central bank rate, remains at 2.000.

The Bundesbank did not intervene when the dollar was fixed at DM 1.8245 in Frankfurt, compared with DM 1.8248. It closed at DM 1.8190, against DM 1.8270 on Wednesday.

Changes are for £10, therefore positive change denotes a weak currency. Adjustments, calculated by Financial Times.

## EMS EUROPEAN CURRENCY UNIT RATES

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## FINANCIAL FUTURES

## Bonds recover, gilts firm

US TREASURY bond futures closed near their peak on the London International Financial Futures Exchange, after news that January US durable goods orders fell 1.5 per cent. The market had been expecting a fall of up to 1 per cent. Excluding defence orders, the fall was 0.9 per cent. The largest decline since records on defence orders began in 1982.

Total orders for December were revised to a rise of 1.5 per cent from 0.9 per cent.

But bullish sentiment was tempered by fears that the figures

might be revised down.

Volume in long-term gilt futures

has switched to June. The contract opened nervously, watching sterling and Treasury bonds, and also fearing a bad result for the Government in the Greenwich by-election.

After opening at 118-02, the June contract fell to a low of 117-30, before rising sharply at the close on short covering. It touched a peak of 118-26, and closed at 118-25, against 118-08 on Wednesday.

March three-month sterling deposit futures fell to 89.45 from 89.50, reflecting the approach of the settlement date, and little hope of a cut in UK bank base rates.

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Volume in long-term gilt futures

## LONDON SHARE SERVICE

## INDUSTRIALS—Continued

[illegible][illegible][illegible][illegible][illegible]

291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744
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[illegible][illegible]

**INDUSTRIALS—Continued**[illegible]**PROPERTY—Continued**

Yr		Vol	PE	Div	Yld	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45	2045-46	2046-47	2047-48	2048-49	2049-50	2050-51	2051-52	2052-53	2053-54	2054-55	2055-56	2056-57	2057-58	2058-59	2059-60	2060-61	2061-62	2062-63	2063-64	2064-65	2065-66	2066-67	2067-68	2068-69	2069-70	2070-71	2071-72	2072-73	2073-74	2074-75	2075-76	2076-77	2077-78	2078-79	2079-80	2080-81	2081-82	2082-83	2083-84	2084-85	2085-86	2086-87	2087-88	2088-89	2089-90	2090-91	2091-92	2092-93	2093-94	2094-95	2095-96	2096-97	2097-98	2098-99	2099-00	2100-01	2101-02	2102-03	2103-04	2104-05	2105-06	2106-07	2107-08	2108-09	2109-10	2110-11	2111-12	2112-13	2113-14	2114-15	2115-16	2116-17	2117-18	2118-19	2119-20	2120-21	2121-22	2122-23	2123-24	2124-25	2125-26	2126-27	2127-28	2128-29	2129-30	2130-31	2131-32	2132-33	2133-34	2134-35	2135-36	2136-37	2137-38	2138-39	2139-40	2140-41	2141-42	2142-43	2143-44	2144-45	2145-46	2146-47	2147-48	2148-49	2149-50	2150-51	2151-52	2152-53	2153-54	2154-55	2155-56	2156-57	2157-58	2158-59	2159-60	2160-61	2161-62	2162-63	2163-64	2164-65	2165-66	2166-67	2167-68	2168-69	2169-70	2170-71	2171-72	2172-73	2173-74	2174-75	2175-76	2176-77	2177-78	2178-79	2179-80	2180-81	2181-82	2182-83	2183-84	2184-85	2185-86	2186-87	2187-88	2188-89	2189-90	2190-91	2191-92	2192-93	2193-94	2194-95	2195-96	2196-97	2197-98	2198-99	2199-00	2200-01	2201-02	2202-03	2203-04	2204-05	2205-06	2206-07	2207-08	2208-09	2209-10	2210-11	2211-12	2212-13	2213-14	2214-15	2215-16	2216-17	2217-18	2218-19	2219-20	2220-21	2221-22	2222-23	2223-24	2224-25	2225-26	2226-27	2227-28	2228-29	2229-30	2230-31	2231-32	2232-33	2233-34	2234-35	2235-36	2236-37	2237-38	2238-39	2239-40	2240-41	2241-42	2242-43	2243-44	2244-45	2245-46	2246-47	2247-48	2248-49	2249-50	2250-51	2251-52	2252-53	2253-54	2254-55	2255-56	2256-57	2257-58	2258-59	2259-60	2260-61	2261-62	2262-63	2263-64	2264-65	2265-66	2266-67	2267-68	2268-69	2269-70	2270-71	2271-72	2272-73	2273-74	2274-75	2275-76	2276-77	2277-78	2278-79
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## MENT TRUSTS—Cont.

FINANCE, LAND—Cont.			
19	20	Stock	Price
120	44Hwy & T. 250	245	1/2
121	44Hwy & T. 250	245	1/2
122	44Hwy & T. 250	245	1/2
123	44Hwy & T. 250	245	1/2
124	44Hwy & T. 250	245	1/2
125	44Hwy & T. 250	245	1/2
126	44Hwy & T. 250	245	1/2
127	44Hwy & T. 250	245	1/2
128	44Hwy & T. 250	245	1/2
129	44Hwy & T. 250	245	1/2
130	44Hwy & T. 250	245	1/2
131	44Hwy & T. 250	245	1/2
132	44Hwy & T. 250	245	1/2
133	44Hwy & T. 250	245	1/2
134	44Hwy & T. 250	245	1/2
135	44Hwy & T. 250	245	1/2
136	44Hwy & T. 250	245	1/2
137	44Hwy & T. 250	245	1/2
138	44Hwy & T. 250	245	1/2
139	44Hwy & T. 250	245	1/2
140	44Hwy & T. 250	245	1/2
141	44Hwy & T. 250	245	1/2
142	44Hwy & T. 250	245	1/2
143	44Hwy & T. 250	245	1/2
144	44Hwy & T. 250	245	1/2
145	44Hwy & T. 250	245	1/2
146	44Hwy & T. 250	245	1/2
147	44Hwy & T. 250	245	1/2
148	44Hwy & T. 250	245	1/2
149	44Hwy & T. 250	245	1/2
150	44Hwy & T. 250	245	1/2
151	44Hwy & T. 250	245	1/2
152	44Hwy & T. 250	245	1/2
153	44Hwy & T. 250	245	1/2
154	44Hwy & T. 250	245	1/2
155	44Hwy & T. 250	245	1/2
156	44Hwy & T. 250	245	1/2
157	44Hwy & T. 250	245	1/2
158	44Hwy & T. 250	245	1/2
159	44Hwy & T. 250	245	1/2
160	44Hwy & T. 250	245	1/2
161	44Hwy & T. 250	245	1/2
162	44Hwy & T. 250	245	1/2
163	44Hwy & T. 250	245	1/2
164	44Hwy & T. 250	245	1/2
165	44Hwy & T. 250	245	1/2
166	44Hwy & T. 250	245	1/2
167	44Hwy & T. 250	245	1/2
168	44Hwy & T. 250	245	1/2
169	44Hwy & T. 250	245	1/2
170	44Hwy & T. 250	245	1/2
171	44Hwy & T. 250	245	1/2
172	44Hwy & T. 250	245	1/2
173	44Hwy & T. 250	245	1/2
174	44Hwy & T. 250	245	1/2
175	44Hwy & T. 250	245	1/2
176	44Hwy & T. 250	245	1/2
177	44Hwy & T. 250	245	1/2
178	44Hwy & T. 250	245	1/2
179	44Hwy & T. 250	245	1/2
180	44Hwy & T. 250	245	1/2
181	44Hwy & T. 250	245	1/2
182	44Hwy & T. 250	245	1/2
183	44Hwy & T. 250	245	1/2
184	44Hwy & T. 250	245	1/2
185	44Hwy & T. 250	245	1/2
186	44Hwy & T. 250	245	1/2
187	44Hwy & T. 250	245	1/2
188	44Hwy & T. 250	245	1/2
189	44Hwy & T. 250	245	1/2
190	44Hwy & T. 250	245	1/2
191	44Hwy & T. 250	245	1/2
192	44Hwy & T. 250	245	1/2
193	44Hwy & T. 250	245	1/2
194	44Hwy & T. 250	245	1/2
195	44Hwy & T. 250	245	1/2</

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## 56-Continued

	Price	% Chg	Div	Yld
			Per	On
			Ann	Cost
<b>O.F.S.</b>				
244	+10	0835	0.76	
245	—	0136	2.3	12.3
246	—	0136	1.7	8.6
247	—	0136	1.7	11.3
248	—	0136	1.7	11.3
249	—	0136	1.7	11.3
250	—	0136	1.7	11.3
251	—	0136	1.7	11.3
252	—	0136	1.7	11.3
253	—	0136	1.7	11.3
254	—	0136	1.7	11.3
255	—	0136	1.7	11.3
256	—	0136	1.7	11.3
257	—	0136	1.7	11.3
258	—	0136	1.7	11.3
259	—	0136	1.7	11.3
260	—	0136	1.7	11.3
261	—	0136	1.7	11.3
262	—	0136	1.7	11.3
263	—	0136	1.7	11.3
264	—	0136	1.7	11.3
265	—	0136	1.7	11.3
266	—	0136	1.7	11.3
267	—	0136	1.7	11.3
268	—	0136	1.7	11.3
269	—	0136	1.7	11.3
270	—	0136	1.7	11.3
271	—	0136	1.7	11.3
272	—	0136	1.7	11.3
273	—	0136	1.7	11.3
274	—	0136	1.7	11.3
275	—	0136	1.7	11.3
276	—	0136	1.7	11.3
277	—	0136	1.7	11.3
278	—	0136	1.7	11.3
279	—	0136	1.7	11.3
280	—	0136	1.7	11.3
281	—	0136	1.7	11.3
282	—	0136	1.7	11.3
283	—	0136	1.7	11.3
284	—	0136	1.7	11.3
285	—	0136	1.7	11.3
286	—	0136	1.7	11.3
287	—	0136	1.7	11.3
288	—	0136	1.7	11.3
289	—	0136	1.7	11.3
290	—	0136	1.7	11.3
291	—	0136	1.7	11.3
292	—	0136	1.7	11.3
293	—	0136	1.7	11.3
294	—	0136	1.7	11.3
295	—	0136	1.7	11.3
296	—	0136	1.7	11.3
297	—	0136	1.7	11.3
298	—	0136	1.7	11.3
299	—	0136	1.7	11.3
300	—	0136	1.7	11.3
301	—	0136	1.7	11.3
302	—	0136	1.7	11.3
303	—	0136	1.7	11.3
304	—	0136	1.7	11.3
305	—	0136	1.7	11.3
306	—	0136	1.7	11.3
307	—	0136	1.7	11.3
308	—	0136	1.7	11.3
309	—	0136	1.7	11.3
310	—	0136	1.7	11.3
311	—	0136	1.7	11.3
312	—	0136	1.7	11.3
313	—	0136	1.7	11.3
314	—	0136	1.7	11.3
315	—	0136	1.7	11.3
316	—	0136	1.7	11.3
317	—	0136	1.7	11.3
318	—	0136	1.7	11.3
319	—	0136	1.7	11.3
320	—	0136	1.7	11.3
321	—	0136	1.7	11.3
322	—	0136	1.7	11.3
323	—	0136	1.7	11.3
324	—	0136	1.7	11.3
325	—	0136	1.7	11.3
326	—	0136	1.7	11.3
327	—	0136	1.7	11.3
328	—	0136	1.7	11.3
329	—	0136	1.7	11.3



هَذَا مِنْ الْأَصْلِ

## Indices

[illegible]

	Feb. 25	Feb. 25	Feb. 24	Feb. 23	High	1985/87
						Low
<b>AUSTRALIA</b>						
All Ord. (1/130)	1555.0	1554.0	1557.5	1559.3	1558.5-25-5/57	1510.8 (2/15/87)
Metals & Min. (1/100)	723.4	725.5	731.7	773.5	775.5-125-1/87	481.1/28/1/85
<b>AUSTRIA</b>						
Großbank Aktien (2/12/84)	205.03	206.74	206.85	202.85	205.54 (23/4)	200.27 (12/2/87)
<b>BELGIUM</b>						
Brussels SE (1/1/84)	4178.42	4184.00	4162.44	4141.85	4160.57 15-2/87	2785.91 (15/1/87)
<b>DENMARK</b>						
Copenhagen SE (1/1/84)	155.55	158.81	201.25	207.55	250.75 (18/4)	105.95 (1/11/87)
<b>FINLAND</b>						
Unitas Genl. (1/87)	402.8	458.3	458.1	466.8	462.6 (23/2/87)	258.3 (3/1/65/87)
<b>FRANCE</b>						
Caf General (1/11/2/82)	424.4	422.5	421.1	421.1	425.7 (23/1/87)	357.8 (2/1/56)
Ind Vendition (1/1/84)	167.1	166.7	159.5	165.5	165.4 (2/1/87)	87.9 (2/1/56)
<b>GERMANY</b>						
Bank Aktien (1/1/84)	875.55	870.22	881.55	868.55	755.58 (17/4)	867.55 (3/2/87)
Commerzbank (1/12/84)	1753.5	1767.5	1717.0	1732.5	2272.5 (1/1/87)	1677.5 (5/1/87)
<b>HONG KONG</b>						
Hong Kong Bank (1/1/84)	2645.85	2675.55	2546.15	2579.01	2575.5 (23/1/87)	1555.94 (15/3/87)
<b>ITALY</b>						
Sanco Comm. Ital. (1/7/82)	556.57	602.85	602.43	581.47	603.25 (23/5/87)	454.57 (24/1/87)
<b>ITALY**</b>						
Nikkei (1/6/84)	20465.8	20180.5	20078.5	19840.5	20465.8-29-2/87	12281.0 (21/1/84)
Tokyo SE New (4/1/84)	1777.55	1778.55	1755.55	1725.45	1777.55-25-2/87	1025.55 (21/1/84)
<b>NETHERLANDS</b>						
ANP-OPS General (1/87)	254.8	255.5	252.5	255.7	251.0 (5/8)	240.4 (5/5/87)
ANP-OPS Indent (1/87)	255.0	255.5	250.5	255.5	255.5 (5/8)	240.4 (5/5/87)
<b>NORWAY</b>						
Oslo SE (4/1/85)	580.25	589.55	586.11	584.55	482.57 (16/1/85)	557.51 (4/8/87)
<b>SINGAPORE</b>						
Oslo SE (4/1/85)	1054.70	1055.20	1056.5	1022.10	1054.70 (25/2/87)	585.54 (23/1/4)
<b>SOUTH AFRICA</b>						
JSE Gold (23/2/85)	—	1557.0	1574.5	1584.8	2121.0 (15/1/87)	1105.1 (2/1/86)
JSE Indent (23/2/85)	—	1557.0	1574.5	1578.0	1587.0 (15/1/87)	1011.0 (2/1/86)
<b>SPAIN</b>						
Madrid SE (5/8/12/85)	248.14	244.90	232.10	255.55	255.55-25-2/87	100.03 (1/1/86)

Feb 23	Feb 24	Feb 25	Feb 26	Feb 27	Feb 28
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Metals & Mining Composites		2,384.7	2,418.2	2,421.1	2,447.2	2,515.1 (10/7/97)	2,517.4 (1/8/98)
		2,472.4	2,494.8	2,487.4	2,593.8	2,582.9 (10/7/97)	2,754.9 (1/8/98)
MONITORIAL Portfolio		—	1,728.3	1,783.5	1,761.5A	1,816.1 (11/2/97)	1,388.5 (22/12/97)
* Indicates pre-class figures							

NYSE-Consolidated 1500 Averages							
Stocks Traded		3.00p.m. Price	Change in Price	Stocks Traded		3.00p.m. Price	Change in Price
Mid-50s	2,176.7	+ 2.7%	+ 59	Live Day	2,200.0	—	—
Am Express	2,375.0	+ 7.1%	+ 2%	Calpan	1,766.0	—	—
Am Gen	2,258.0	+ 3.7%	+ 4%	Metals	1,816.1	—	—
Metals	2,421.1	+ 1.1%	+ 1%	Nation Pac	1,826.0	—	—
AT&T	2,875.7	+ 2.2%	+ 4%	Nasdaq Comp	1,838.0	—	—

Swiss Bank Corp (6/1/88)	571.0	564.5	558.8	553.5	525.5 (6/1/88)	497.2 (4/8/88)
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NS. Capital Inv. (1/1/78) — 401.5 406.5 464.2 469.5 (25/247) 548.2(25/18)

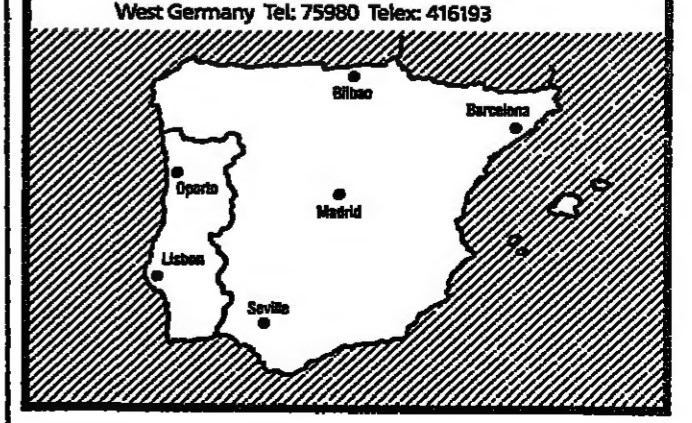
**\*\* Saturday February 21: Japan Nikkei (c). TSE (c).**

Base value of all indices are 100 except Brussels 95-1,000. JSE Gold-255, JSE Industrial-100, JSE All Ordinaries and Australia-100, JSE 50-255, JSE All Common-250, Standard and Poors 100, and Toronto Composite and NYSE All-1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/63. \* Excluding bonds. † 400 Industrials plus 40 Utilities, 40 Financial and 20 Transports. c Closed. u Unavailable.

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RISES		BP	755	+22	Peachey Pre.	356	+25	Cowie (T.)	383	-20
Exch. 12pc 13-17	£124½ + %	GEC	235	+12	Pittard	278	+5	F & H Group	128	-14½
BICC	£42 + 26	Greenw Res.	205	+11	Royal Ins.	£10½ + %		ICI	£14½ - ½s	
BTP	235 + 73	Habit Pre.	136	+14	Shell Trans.	£10½ + %		London Intl	355	-22
Barnham Gr	190 + 28	Headl Sims	73	+10	Uni Scientific	277	+14	Lookers	333	-17
Bar Heph	88 + 12	IBL	108	+12	FALLS:			Ratcliffs (G.B.)	89	-12
Bac's	323 + 18	Lon & Edinb	650	+30	Barclays	528	-14	Wellcome	489	-31

## NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

[illegible]

**Continued on Page 49**

## AMEX COMPOSITE CLOSING PRICES

[illegible]

**Nasdaq national market, closing prices**

Stock	Sales	High	Low	Last	Chng	Stock	Sales	High	Low	Last	Chng	Stock	Sales	High	Low	Last	Chng	Stock	Sales	High	Low	Last	Chng
ASDC	14 676	154	151	151	+	Chills	22 029	257	254	254	+	FIAT	9 140	111	111	111	+	Headar	70	34	34	34	+
ADK	30 1154	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140	111	111	111	+	Kennecott	10 118	30	30	30	+
ASDC	13 867	165	165	165	+	Chiron	22 223	251	251	251	+	FIAT	9 140										

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